

Special Edition.

Manage



America's Future
a challenge to management



G. ELDON TUFTS

...from the NMA president

Report to the Membership

Bringing a Special Annual Edition of MANAGE to life is sort of like finding yourself on a mountain top which you had thought of climbing many times. The discouraging problems which dulled your planning, such as the many miles to hike through the foot-hills, the terrific climb of the rugged terrain above the tree line, are memories upon a successful completion of a task. For in planning and putting this particular issue together we have reviewed our accomplishments and discovered they also have surpassed the goals we set.

Most of these accomplishments are documented in other parts of our magazine, but I do want to take this opportunity to briefly review several important facts.

The membership of the Association has shown continued growth since January 1st of this year. This has resulted in a total membership of 65,000. We will continue our stepped-up membership campaign, as we firmly believe the NMA program for supervisory development should be offered to every industrial leader—to improve management relations, reduce labor problems and create a healthy industrial organization to plan, study and work on the ever-increasing manufacturing problems of today.

We fully realize the training requirements for the number of new positions in supervision that open up each week in industry require the updating of training procedures continually. In order to keep abreast of our growing responsibilities to all of American industry, our research is searching steadily for new programs of education to offer to you. As (Continued on page 82)

Manage



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WASHINGTON CORRESPONDENT

Michael S. Roberts

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INSIDE THIS ISSUE

This is the first annual Special Edition of Manage and with it begins a long chain of Special Editions which will, each year, recap the year's events and attempt to delve into the future of management development activities, both within The National Management Association, and within management as a whole. This Special Edition is based around the theme of the 36th National Conference of the NMA in Detroit October 21, 22, 23—America's Future . . . A Challenge to Management.

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CIRCULATION THIS ISSUE: OVER 70,000, DOMESTIC AND FOREIGN.

Washington Report For Supervisors

by Michael S. Roberts



LABOR LAW A GOOD FIRST STEP

New labor law is a good first step in restoring management of unions to members; restoring rights to manage business to management; bringing tremendous economic power of unions under reasonable control.

Many long and bitter court cases resulting from the measure are in prospect, however. Some of the stronger sections of the law may be weakened by the courts. These include prohibitions against black-mail and organizational picketing, the solution to the no-man's land problem, and some elements of the "bill of rights" for union members.

On the positive side, the new bill will curb abuses of the right to picket; help small firms and unions settle their differences; ban convicted criminals from holding official union offices, and in the case of the cleaner unions give members more voice in running their affairs. Even in some of the few mismanaged unions, the measure will help an organized minority fight to clean out corruption and stave off economic or physical reprisals. These are important and valuable aids.

POOLS OF CORRUPTION WILL REMAIN

But there is a negative side too. In the few large and badly corrupted unions, the new law will

be of negligible value. It lacks many of the teeth and tools to take on the powerful leaders of the corrupt unions. It requires financial reports, but contains little money or forceful machinery for making certain they are accurately filed. It relies almost entirely on the individual union member to speak out against mismanagement. In some cases, he can't, without risking his job or even life. There is no prohibition on collusion among unions to paralyze the country almost at whim.

The new law essentially attempts to supplement and close loopholes in the Taft-Hartley Act. But it contains many loopholes of its own. A legal member of the professional staff of the House Labor Committee who helped draft the original Landrum-Griffin measure admitted privately that any skilled labor lawyer "will be able to tell a union how to get around every section of the measure if he studies the law." Teamster Union boss James Hoffa has admitted publicly that his lawyers know this.

LABOR BILL'S MAIN FEATURES

Here are the main features of the new labor bill, which in most controversial areas is a slightly weakened version of the Landrum-Griffin proposal; stronger than union proposals and the Kennedy bill, but much weaker than asked by Sen. McClellan:

*All hot-cargo agreements in trucking are banned.

*State agencies and courts can apply state laws to cases declined by the National Labor Relations Board, but NLRB may not reduce its jurisdiction.

*Secondary boycotts through pressure on neutral employers are banned, as well as on neutral employees individually as well as collectively. Secondary boycotts against railroads, municipalities, and government agencies are prohibited for the first time. Picketing stores selling goods made by struck manufacturers is prohibited, but advertising against these stores is permitted.

*Organizational picketing is banned for 12 months after an NLRB election; when other union is

lawfully recognized; more than 30 days before an election, or when less than 30 percent of workers show interest. Enforcement is through mandatory injunctions, but damage suits against a union are not permitted.

*Economic strikers may vote in representation elections for a year after strike. Pre-hire agreements are permitted in construction trades and construction industry is exempt from some secondary boycotts. Garment industry is exempt from hot cargo ban.

*Financial reports are required of all unions and criminal penalties are provided for misuse of funds; employers are required to report funds spent for labor consultants.

*Trusteeships in unions are limited; free elections, free speech, and secret ballots are required.

*Ex-convicts are prohibited from holding union office.

UNIONS CLOSING RANKS

One effect of the setbacks organized labor suffered this year in Congress and in the public mind is a strong new drive to close ranks.

Central theme behind the AFL-CIO convention which just closed was how to fight the rising tide of public and official sentiment demanding that organized labor mend its ways.

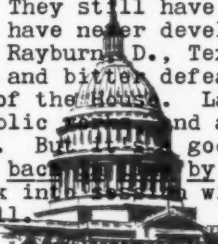
Passage of the labor reform bill over the bitter and expensive opposition of the unions, coupled with the new "firm" stand of management on wage and fringe increases in the steel and other industries, has brought union leaders up short. Old feuds, bickering, disputes over raiding and jurisdiction are now virtually gone. Proponents within the giant labor federation of re-splitting into two groups are again silent.

Top union leaders now are calling for an all-out "blood, sweat and tears" fight against what they call the "conspiracy to dismember unions." They're getting it, if present signs hold true.

BATTLES BREWING FOR 1960

The results of the labor defeat, coupled with other political developments, promise the American public a ring-side seat at some of the bloodiest, crackling fights in many years.

Labor's setbacks are well-known. Many labor leaders believe they were sold a "statesmanship" bill of goods, lulled by last year's sweeping congressional victory, and got their heads chopped off as a result. Through the NLRB elections and dues check-off, members came automatically. They plan now to return to the old missionary-type care and feeding of their members and militant, blistering attacks on their enemies.

Democrat leaders in Congress are in much the same leaky boat. They still have a tremendous majority. But they have never developed it into a team. Crusty Sam Rayburn, D., Tex., this year took his most frequent and bitter defeats in his long reign as Speaker of the House. Labor reform, highways, housing, public  and a host of other battles were lost. But it's a good bet that he'll have them whipped back by next January when Congress goes back into session with an election coming up next fall.

Republicans, on the other hand, have scored impressive successes. Eisenhower is again giving the impression of leading a crusade. He has won his battle against big spending, won a smashing victory over labor reform, and scored personal and diplomatic successes for his exchange of visits with Khrushchev. Vice President Nixon after his triumphant tour of Russia is also riding high in the public mind. In contrast, the Democrats are still looking for a strong candidate.

The Democrats may well overcome their current setbacks. But the GOP is working from a position of strength and isn't apt to lose it easily.

This all adds up to a tough training session for both camps this fall, and a 10-month Donnybrook leading up to the presidential and congressional elections next November.



R

Russia

Attacks U.S. Markets

by Michael S. Roberts

RUSSIA IS QUIETLY MOUNTING A NEW ATTACK in its economic war against the free world. This latest move poses a serious threat to many U.S. firms and their employees. While the Russians have been assaulting world markets for some time, particularly in Europe and the Far East, this new drive is aimed at a fresh target—U.S. consumers and businessmen. Involved are imports of consumer goods, scientific and teaching equipment, and some raw materials, all at market-breaking price levels.

So far, the threat of low-cost

Russian imports into this country has been only a shadow; barely taking form. But the latest Soviet seven-year economic program is replete with plans which add up to a threatening assault on free world and U.S. markets.

Recent visits between top

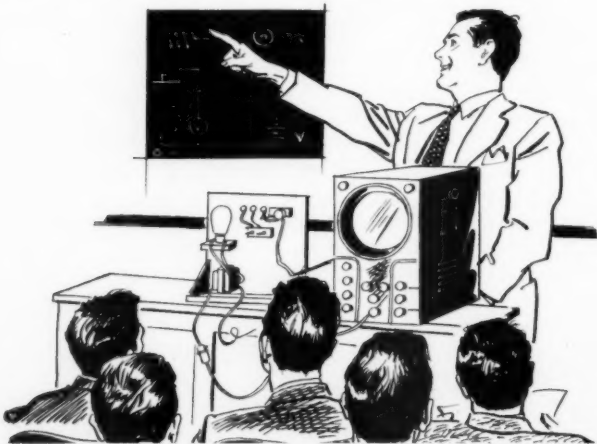
Russian and U.S. political leaders were admittedly designed to increase trade between the two major world powers. But in addition to what we consider normal profitable exchanges of goods, the Reds also are planning to use the opening trade door to level carefully-planned economic attacks at our key industries and aim propaganda jabs at our weakest spots.

The first hint of the new economic offensive aimed at U. S. shores came more than a year ago when the Reds, by a series of transshipments and refabricating in Europe, managed to dump several thousand pounds of aluminum in this country at far less than the going market price.

This apparently was a test of

the free world's ability to guard its markets. It must have been revealing. The multi-billion-dollar aluminum producing industry shuddered, and this single shipment broke the world aluminum price by two cents a pound. It has since recovered only seven-tenths of one cent.

Not long after this shipment, top Soviet industrial officials announced that the U.S.S.R. was suffering from a shortage of aluminum. It would begin a massive increase in capacity. Now, free world aluminum producers must wonder, in view of the size of the expansion, whether some of the increased production will become a steady stream of exports to U.S. and other Western markets.



School Lab Equipment Could Start a Flow

A more recent example involves scientific and laboratory equipment for use in high school and college science classrooms. This is an even more graphic example of the threat of the budding Red export drive. It clearly displays this country's virtually complete lack of defense against such an assault.

A few months after Russia rocked the world with its first sputnik satellite (October, 1957), this country hurriedly set up a special national defense education fund. It was a crash program to meet the challenge of Communist scientific advances. The fund was to be used to help schools and colleges buy needed equipment to start the long-range job of building up our pool of scientists.

In less than a year, an enterprising new American import firm had accepted Russian offers and was ready to sell this equipment to our schools at average prices one-tenth to one-fifth of the cost of equipment produced in this country. The cut-price goods all bore the "Made-in-Russia" label. Most of them would be purchased by schools with some \$60 million a year in federal National Defense Education Act funds.

These funds are matched by the states and localities.

Price and cost comparisons between American and Soviet equipment leave no doubt that the Soviet government is virtually giving the goods away. The victims this time are some 150 small U.S. scientific equipment makers.

A hand rotator, used for classroom experiments in centrifugal force, was offered by the Russians to the importer for \$3.00, delivered in New York. This price included payment of a 40 per cent import tariff. The importer offered it to schools for \$15.00.

The U.S.-produced equivalent sells for \$47.50. Raw materials alone cost the maker \$12.84. Labor costs \$4.00; processing \$9.50, and transportation and other costs \$15.00. (One gear, mass-produced by a Detroit auto supplier, costs the maker \$3.57—more than the importer pays for the finished item.) The U.S. firm makes a profit after taxes on this item of less than six per cent.

The Communists also offered a projector for viewing laboratory slides to the importer for \$15.00, delivered in New York and tariff-paid. The American equivalent costs about \$300.00.

Red officials offered the importer some 96 similar items. He put in an initial order for

6,000 items at a cost of about \$40,000, hoping for delivery in a year. But he underestimated the intensity of the Soviet desire to sell. Delivery came so fast the order had to be cut back to meet financing, by his own admission. This one firm hoped to import about \$1 million worth a year—equivalent to \$5 million of American-produced goods.

Price, Not Volume, is the Threat

As usual, the dollar volume isn't too large. In total, the market for this type of equipment even under the speeded-up scientific education program will probably amount to less than \$200 million a year. Russian imports probably won't top one-fourth of this for some time.

But the dangers are clear. The Reds are taking deadly aim at a small and relatively economically-weak U.S. industry. It is one whose continued strength is vital, particularly in wartime. They can, at practically no cost, wipe out or seri-

ously damage the industry and others like it in a few years.

They can also win a double-barreled propaganda victory. Use of scientific equipment bearing a "Made-in-Russia" tag would undoubtedly have a subtle but powerful effect in undermining the faith of impressionable young minds in the U.S. And it would have the same effect in foreign countries.

Our lack of defense against such assaults was clearly demonstrated while the appropriation for scientific equipment was under debate in Congress this spring. Sens. Kenneth B. Keating, R., N. Y., and Styles Bridges, R., N. H., won Senate backing for an amendment prohibiting use of the funds for equipment originating in or exported from Communist bloc countries, unless that is the only source.

The amendment barely won final congressional approval, over the opposition of the U.S. State Department. The Department was fearful of damaging the new U.S.-Soviet friendship campaign. This won't stop importation, but at least this federal money won't be used.

Present Laws Useless

So-called "anti-dumping" laws are of no use in these cases. These laws prohibit a foreign country from shipping

Author Michael S. Roberts, "Washington Report For Supervisors" each month in Manage brings the latest developments on the legislative front.

goods to this country at less than the wholesale price in their own country. But under the Soviet Communistic system, there is no discernible wholesale price nor are there any cost figures.

Tariff laws are no defense either. Testimony at the Senate hearings showed that Russian costs for producing and shipping the goods were theoretically comparable to U. S. costs. But the government was obviously footing the bill for the shipments for political, economic, and propaganda purposes. It cheerfully paid the 40 per cent duty.

There are other commodities likely to become involved in this new economic assault on U.S. markets.

Watches may well be the next. The Soviets are planning to increase their watch production by 40 per cent by 1965. This will give them an annual production of 35 million movements, compared with 7 million produced each year in this country.

The watch export plan was blueprinted early this year in an article in "Moskovskaya Pravda," a large daily Moscow newspaper, by N. Volkov, director of Russia's largest watch factory. He bluntly stated that all of the 70 countries with which Russia now trades will



be importing Russian watches "soon." The U. S. is among the 70.

Enver Memedov, editor of the English-language Russian magazine "USSR" distributed in this country, told a Detroit audience this spring that Soviet automobiles may be sold in this country "in a few years."

The Soviet exhibition in New York is filled with items the Russians would like to sell in this country. Some deals have already been made. One involves 350,000 tons of chrome ore over the next few years. Others are for wood pulp, lumber, benzene, and some production machinery and electronic instruments.

Domestic firms, workers, and planners, must now consider which of these goods are likely to be sold here at a profit to the

Reds, and which will be dumped as part of their economic offensive.

As always in an economic battle, the problem is not one of volume. It is what is exported, where, and primarily at what price.

The Russians are in a position to choose the battlefield in their economic war against the free world.

Russian exports to this country have never been large. Furs, fish, caviar, and hides still account for most of the dollar volume, U.S. government figures show. Other products are rising sharply, but still have not reached a large volume.

In the first five months of this year, imports almost doubled over the same period last year. But the total still hit only \$12.1 million, compared with \$6.2 million last year.

Soviets Can Concentrate To Win

But the Russian ability through state ownership to aim limited amounts of strategic goods toward vital free world industries at market-breaking prices is a real threat. They have a strong ability to stretch their resources far beyond their normal significance in world commerce.

There are many and varied reasons for the Russian maneuvers. The economic, politi-

cal, and propaganda results have been discussed above. There are others. For one thing, they badly need dollars—still the world's most powerful currency—to aid them in placing their technicians and machinery in the uncommitted countries of the world.

And in some cases, they can sell an item at a heavy loss and still come out money ahead. They can profitably export goods, for example, costing them 5 million rubles to produce for only 4 million, if in exchange, they can buy for the 4 million rubles, or its dollar equivalent, items which it would cost them 6 million rubles to produce at home.

There is no easy answer to this latest phase of Russia's long-avowed dedication to "bury the West economically," voiced over and over again since Lenin's day.

The Russian system is predicated on entering international agreements or permitting exports or imports only when it is to their advantage. Our system, however, runs on stated laws and on a course of friendship whenever possible. We react only when the threat has become clear and serious.

But it is probable that if this latest economic drive continues, this country will have to act eventually.

YOU are IMPORTANT

by John F. Gordon
President, General Motors

*Delivered at the
Scholarship Award Banquet
of the
Fisher Body Craftsman's Guild*

THERE HAS BEEN MUCH DISCUSSION in recent months of the comparative advantages of the American and Russian theories of education. In the following excerpts from a talk before the Scholarship Award Banquet of the Fisher Body Craftsman's Guild, John F. Gordon, president of General Motors, brings out one point which often has been overlooked in considering this question. . .

Don't be afraid to stand out. Don't be afraid to be an individual, to be different.

I urge this because I am told that many young people today don't particularly care to stand out. They don't want to be out ahead of the crowd. They want to conform, be like everybody else. This is, I am afraid, one of the unfortunate tendencies of our time—and it isn't confined to young people. All of us tend to be conformists, to do things just because they're

"done," to avoid being different. It's so much easier.

Furthermore, we are told that this tendency is inevitable in modern civilization, that the way we live puts a premium on conformity.

In the old days of hand craftsmanship, a man had scope to exercise his talents. In the old days of the frontier a man was forced to "go it alone." The farmer of a bygone day was almost completely self-sufficient. He grew his own food, made his own clothes, even built his own home and barn.

Today, we are told, things are different. Now we are in the

age of the machine. People have become mere cogs in a machine. There is no room left for individuality.

To all of this, I say—tommyrot.

It is not true that modern civilization puts a premium on conformity. The individual today has far greater opportunity to express his individuality than ever before in history. The individual today has the opportunity to be more important as an individual than ever before in history. Mere numbers have less and less importance.

When you graduate from college, you go out looking for jobs. You will find many more, different kinds of jobs open to you than were open to your great-grandfathers, your grandfathers—or even your fathers.

And this is true not alone for white collar jobs but all down the line. Government studies show an increase of 25 per cent in occupational titles over a recent 10-year period. For every trade that has disappeared—the cooper, the wheelwright, the tinker, the lamplighter—a dozen new ones have been created, and in industries your great-grandfathers never heard of—the aircraft industry, air transportation, missiles, atomic energy, plastics, electronics, radio and television, computers.

Produce More, Earn More

Here is another point to remember. Jobs today are more important than jobs 50 or 100 years ago. The reason is this: man has extended his reach with tools. Whatever his trade or occupation, he produces more today than his forebears did. The importance of a farmer used to be measured by the number of horses he had working for him. Today we measure the number of horsepower a worker has working for him. This is the basis of our increasing standard of living. When a worker produces more, he earns more.

Contrary to what some people would have you believe, business firms have no desire to submerge the individual or force him to become what has been called "the organization man." Business recognizes the importance of enabling employees to develop themselves.

A Race with Russia

We all know that we are engaged in a titanic struggle with Russia. I do not refer only to the cold war or to our efforts to maintain a defensive strength on a par with hers.

We are in an economic race with Russia and an international trade race. We are in a technological race with her,

and, finally, we are even in a cultural race.

In all of these races—or perhaps they are all aspects of the same race—education is, I believe, a key factor. The race is not to the swift, nor the battle to the strong. Both are to the educated.

Russia is going all out for mass education. And when I say “all out,” I mean all out as only a dictatorship can.

However, if the fundamental purpose of education is, as I believe, to develop and round out the individual *as an individual*, not as a code number, then we have an advantage. We have an advantage in that as I remarked earlier, the individual today is given the opportunity to be more important as an individual than ever before

in history. The opportunity is there. We must avail ourselves of it. If we do, we shall prosper and remain strong.

Individuality Our Advantage

The Russian system cannot consider a man as an individual. The very premises of communism require that individuality, in the sense of being free to develop as one wishes and express opinions as one wishes, be stifled.

This is our advantage. But we can retain it only so long as we ourselves are true to our faith and our ideals. We can retain it only so long as we remain firm in our belief in the transcendent importance of man as a unique individual. And only so long as we practice in fact what we preach in theory.



NMA's
36th
National
Conference
Opens
October 19
in
Detroit
...
For Full Week

SCHEDULE OF EVENTS

Monday, October 19

All Day—Meetings of Committees of the Board of Directors

Tuesday, October 20

All Day—Meetings of the Board of Directors

Evening—Get Acquainted Hour

Wednesday, October 21

Morning—Zone Meetings, Workshop and Clinics

Afternoon—Annual Meeting of Club Delegates and Members

Board of Directors' Election of National Officers

Thursday, October 22

Morning—General Assembly

Noon—Club Presidents' Luncheon

Afternoon—Workshop Conferences

Evening—Special Catalyst Program

Friday, October 23

Morning—General Assembly

Afternoon—Workshop Conferences

Evening—Annual Banquet

Featured Speakers

Robert E. Lewis, President, Sylvania Electric Products, Inc.



Alexander F. "Casey" Jones, Executive Editor, Syracuse Herald-Journal.

George Romney, President, American Motors Corporation.



Bernard A. Monaghan, President, Vulcan Materials Company.

Gordon R. Parkinson, Former NMA President, Trans World Airlines.



L. I. Woolson, Vice President—Director of Corporate Manufacturing Staff & Services, Chrysler Corporation.

THE HEART OF

Ten Live Programs on

THURSDAY...

"PRACTICAL METHODS FOR EMPLOYEE MOTIVATION"

Max B. Skousen, *President Skousen Tax and Investment Services, Glendale, Calif.*

The speaker will demonstrate simple but effective methods which direct line supervisors can use to greatly increase productivity through motivation. These inexpensive methods are called Motivation Controls. Numerous examples of how these methods can be adapted to indirect workers—even engineers—as well as production workers, to job shop as well as mass production.

"PRACTICAL ASPECTS OF CONTRACT NEGOTIATIONS"

E. F. Scoutten, *Vice President in Charge of Personnel, Maytag Co.*

Most management representatives are keenly aware of obvious wage cost increases represented by direct wage payments and "fringe" benefits. In every labor agreement, however, there are many equally costly arrangements which creep in, because management representatives do not appreciate the full impact of their practice, policies, or the provisions of the labor contract.

"MANAGEMENT ADVISORY COMMITTEE SYSTEM"

D. W. Blend, *Vice President and General Manager of Wolverine Tube Division, Calumet & Hecla, Inc.*

Making management more effective—the objective of advisory committees. How to provide for a maximum amount of decision making at each job level, as well as the utilization of specialized talents in each manager's group in reaching decisions by encouraging participation in the decision-making process.

"IMPROVING MANAGEMENT PERFORMANCE"

Dr. Claude C. Woltz, *Assistant Manager of Education and Training, Aluminum Company of America*

A discussion of performance appraisal as a management development tool. Some of the arguments for appraisal; some recent trends; a review of methods used; training for appraisal interviews; and some of the conditions essential for development.

"HE WHO HAS EARS"

Dr. Ralph G. Nichols, *Head of Communications Program, University of Minnesota*

The dollar value of efficient listening in business and industry is becoming steadily more apparent. Although 45 per cent of all verbal communication is devoted to listening, the typical American listens to instructive speech with but 25 per cent efficiency. Yet recent research indicates that most of us are influenced even more by what we hear than by what we read!

F THE CONFERENCE

on Current Management Issues

"DEMOCRATIC vs. AUTHORITARIAN LEADERSHIP— WHERE DO WE STAND?"

*Dr. Eugene E. Jennings, Associate Professor Business Administration,
Michigan State University*

There is widespread belief that the authoritarian is being replaced by democratic type of leadership.

There are some people who are hurling the authoritarian executive down the waste-chute without a clear appreciation of the advantages and strengths that he brings to his organization. We will discuss the strengths and weaknesses of these two prototypes of leaders.

"EXECUTIVE SWEET—THE UNIQUE ROLE OF THE MANAGEMENT WIFE"

*Max H. Forster, Manager, Management Development,
International Minerals and Chemical Corp.
and*

*Margaret M. Forster, Former Educator and Assistant to
the Dean of Women, Purdue University*

A business manager's marriage can be a complementary companionship or a competition of careers. What perspective, understanding, and "administrative skills" are required to have a successful partnership of Mr. & Mrs. Management?

"BACKDROP FOR SURVIVAL!"

*Dr. V. Dewey Annakin, Professor of Sociology,
Indiana State Teachers College*

Survival of the free enterprise system of business and government is threatened from many sides. Sound, enthusiastic management can and must meet these threats. This program explores the threats and the methods of control.

"IS HUMAN RELATIONS OUT OF DATE?"

Mr. William V. Machaver, Director of Personnel, Sun Chemical Corp.

In order to view human relations in its proper perspective and to recognize its contribution to successful business operation, it is necessary to understand some fundamental concepts. Survival of our economic system depends on the leadership provided by American management.

"IDEAS . . . THE DYNAMIC OF GROWTH"

Wilferd A. Peterson, Vice President and Creative Director, Jaqua Co.

A colored slide presentation on the importance of creative thinking as a stimulus to personal and business growth. Plus the proved scientific steps which lead to the development of creative ideas.

The Foremen . . .

Lost Generation?

A Special Catalyst Program

Thursday Evening, October 22, 1959

There has been considerable discussion over what is happening to the management man. There seems to be a question as to whether the days of "coming up through the ranks" are over and whether an entirely new breed of specialists will replace us. It is to this proposition that the catalyst program is directed. Will the "bright young men" take over entirely? Is there a place for both? This is a chance to express your views as well as listen to experts. A half hour panel session on television will be followed by an hour's give and take with the panelists present to answer your questions and hear your views. This should be an exciting part of our conference program and the one offering the widest possible participation on your part.

Come primed for this one!

Program Director: E. J. Forsythe, Director of Management Education and Services, Institute of Labor and Industrial Relations, The University of Michigan—Wayne State University.

Conference Coordinator: Dr. Walter Grimala, School of Business Administration, Wayne State University.

Panel Participants

• Frank Tuohey—Moderator, Director of Press Relations, Wayne State University.

• George Gullen, Director of Labor Relations, American Motors.

• James Phelps, Vice President, Industrial Relations, Great Lakes Steel.

• Howard Rollert, Director of Industrial Relations, American-Standard Industrial Division.

NMA Workshops

And Introduction of New NMA Programs

•
Wednesday, October 21

Activities and Awards Workshop

The awards program of the Association is designed not so much to stimulate competition as to provide a guide for the type of activities and goals which should go into a well-rounded club program. Those attending this workshop will have an opportunity to ask questions and participate in a discussion of all phases of this program.

Delegation Be Hanged (a one-act play)

The ability to delegate has been a primary factor in the rise of many of today's successful executives. Conversely, many intelligent men in industry are, unwittingly, putting a ceiling on their future prospects by their blindness to their faults in this important management skill.

"Delegation be Hanged" has a dual objective—To get supervisors to recognize a parallel between their own behavior and that of Foreman Johnny Mason; and to dramatically

portray how Johnny overcame his deficiencies.

The "Selling America" Economics Program

To teach members the essentials of the American free enterprise system in such a way that members will have committed them to memory, enabling them to develop facility in explaining them to others. The principles are systematically developed and should provide each member with a method of discussing them that is effective. This is the factor that distinguishes the program from other economic courses.

**FUNDAMENTALS OF THE
PROFESSION OF
MANAGEMENT**

*For Newer Members of the
Management Team*

A special four-session program conducted on Thursday and Friday afternoons.

Opens with a discussion of the management process, setting forth management's functions, resources and tools. Organizational objectives and types of leadership also are examined. Much of the time will be spent analyzing cases with emphasis on group participation.

A NEW DAY FOR THE CONSUMER



*by George Romney
President, American Motors Corp.*

THE MOST SIGNIFICANT FACTOR in the automobile picture today is the new status of the American consumer. It was a long road from "let the buyer beware" to "the customer is always right," but even then, it was only part of the way. Today, the consumer has assumed a new position. He is no longer the faceless, nameless common man, motivated primarily by physical hungers, easily manipulated by leaders and behaving, in general, like Hamilton's "great beast."

He's changed. He has personality and moves with intelligence, and above all, he has become the dominant factor in our economy, with needs and desires he is in a unique position to select and satisfy. In

America, where the change is most advanced, the shift has come about for a variety of reasons. Our system unleashed and stimulated human talent. Our productive force, exercised mainly for the common good, left mere subsistence behind. As more and more Americans were able to turn from incapable preoccupation with the day's hunger and the night's shelter, more and more consideration could be given to hu-

man needs and desires of less impelling urgency. We could, of course, like the Indians, have foraged forever without rising above the subsistence level, if we had not had a fire within us. The fact remains that until the 20th century, we were still pushing at our frontiers, still battling subsistence for the most part, still creating a country out of a wilderness.

Actually, it has been almost within the last generation that the great mass of the American people has drawn itself up to the plateau on which it can build above basic material needs. Under such circumstances, it is not strange that we have begun to take a new look at ourselves, and we are discovering that the old and foreign concept of a "*capitalistic society*" has been replaced by the concept of a "*consumeristic society*." Our new goals become plain. Instead of small groups concerned with exploitation and acquisition, and large groups concerned almost solely with the day's bread, we are now free to understand that the unique function of our economic machinery is to benefit the consumer. And so the *consumer* emerges as both the beneficiary and the boss of our economy.

It is not surprising that the nation's number one industry,

the automobile industry, which is also so close to the consumer, should be among the first to show dramatically this change in the status of the consumer.

In its transition from a fad, a plaything, a luxury, to a necessity the automobile retained much of its position as a status symbol. In the later twenties, some of the industry's shrewdest observers concluded that the best way to win a substantial share of the volume market was to reach for the low-price buyer's ego just as surely as the Stutz Bear-Cat reached out to the rich man's son. This was an enormously successful formula, first put to work by General Motors more than 30 years ago, and later copied by the remainder of the industry. In essence, the idea was that the way to reach the public was with steadily bigger, more powerful and more glamorous automobiles.

This astute marketing decision bore fruit without revision for years.

Why the sudden disenchantment, after all these years, with the glamour-wagon? There were three reasons, working together. The first and most obvious one is that even a good thing can be carried too far. Car size and horsepower could not continue to grow indefinitely. The second reason is the

pronounced change in car use, which increased its essentiality and threw emphasis on its function. The third reason brings us back to the consumer. En masse, he has grown up almost over-night. His intelligence as a group is no longer to be trifled with,—with glib and boastful advertising, with shallow surveys, with glitter and gloss. He has been led around with a chromium ring in his nose, but those days are at an end.

Another change in consumer status bears watching. Not only has the consumer as a mass achieved maturity, but minority groups are growing in size. There is considerable comment on the fact that production for mass taste ignores superior or special tastes. For example, television programming designed to achieve the highest Nielson ratings is said to produce very little for the cultured palate. But the special culture groups are growing in two ways. Despite some frequently discouraging reports, the quantity and quality of education and communication in the United States is exerting a steady lifting effect on the national intellect. Secondly, the special culture groups grow, if in no other way, by simple ratio to the swelling population. This means that

they are beginning to represent markets in themselves too sizeable to be ignored. In turn, the special groups set the pattern for the development of new mass tastes. This trend inevitably demands that greater product diversity rather than greater product conformity be achieved.

Statistical surveys and scientific research are necessary to give us the details about market trends and to help us hone our product approach to a razor's edge. But the comptometer is still only the servant of reason. In the judgment of public taste and public needs, the figures are valuable, but the best guide is what we can see around us.

Looking at the consumer needs objectively and meeting them is the most important problem business faces. In a press conference in August, 1958, President Eisenhower said, in part, "... one day the American consumer is going to rebel, he is going to rebel in a big way, and there will be real trouble and we will get something that we don't want." The President was referring primarily to wages and profits but he also could have added the effective satisfaction of consumer needs.

The automobile industry has been fabulously successful and

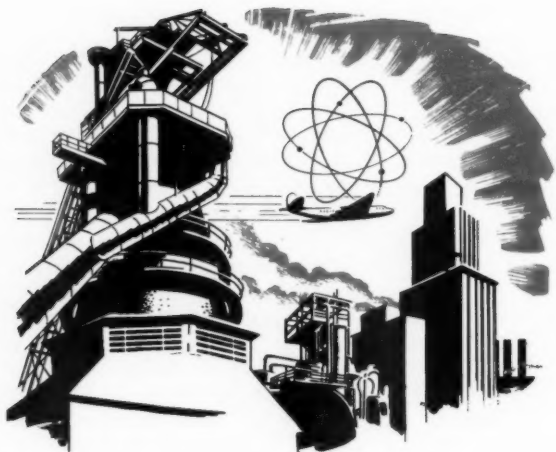
has made unmatched contribution to our country. But we cannot use past success as an inflexible guide to the future. We cannot permit it to give us a presumptuous omniscience and substitute our judgment for the consumer's judgment. If we believe in the product verdict of the free market place, we must make certain that adequate diversity is offered, so that the verdict may be selective rather than forced.

The new day for the consumer is on us. He has a new status today. Full recognition of that status will mean greater consumer benefits—and even more important, I believe, will put our whole social structure in an entirely new light. When it is clear to all, inside and outside our country, that our productive effort in the American system is directed at benefit for all the people, we can replace

the misleading “capitalism” concept with the “consumerism” concept, and destroy a Communist propaganda tool that we are helping them to use against us.

In a “consumeristic society” the owners and employees constitute segments whose reward is ultimately subject to consumer preference and action. Economically as well as politically America is the “last great hope of earth” because ours is not only a government “of the people, by the people, and for the people” but an economy “of the people, by the people, and for the people.” It is imperfect to the extent Americans are imperfect but capable of unlimited improvement and growth. This we must continue to demonstrate, and it is my desire to see the greatest industry of all continue to provide the most dynamic leadership.





Management Unity Seminar

An Approach to Depth Leadership

by Dr. William Levy

THE YEAR WAS 1946. Industrial management had successfully met the great challenge of directing the greatest war production effort in history and at the same time maintaining the highest standard of living ever known. Yet management itself, particularly the first-line foreman, was confused, bewildered and perplexed. Bargaining units of employees were increasing in strength. Industrial relations directors assumed line responsibilities for personnel relationships in the plants. The foreman, in many instances, felt that he was the "forgotten man"—a mere traffic cop of in-

dustry. Most of the half-million or more industrial foremen griped and growled—but did nothing. Some 50 thousand of them, noting the success of bargaining units for the working force, joined ranks with the Foremen's Association of America, a foremen's union. Approximately 18 thousand be-

longed to the National Association of Foremen (later to be called The National Management Association), an organization pledged to unity in management and unalterably opposed to bargaining within management. A need was evident for a continuing program designed to inspire, train and provide methods for establishing sound management clubs. Throughout the country, companies with existing foremen's unions asked the NAF for help. Under these conditions the Management Unity Seminar was launched in 1946.

The Early Stages

In its initial form, practically all participants represented companies who did not have an NAF affiliated management club. Many of them were members or officers of an FAA chapter. The only requirement imposed was that the attendee be a leader who could affect others in his company. A week-long program was designed to present and discuss foremen's unions, foremen legislation, the free enterprise system, ethics for management, approaches to unity in management, diagnosing and solving problems in labor relations and human relations, history and philosophy of NAF, how to organize and operate a successful manage-

ment club and other allied subjects. Outstanding industrial and educational leaders made contributions. Every effort was made to create an atmosphere of complete frankness and open mindedness in discussion. The program operated morning, afternoon, and evening for five days with ample opportunity for individual involvement and group interaction.

Was it effective in achieving Association goals? Two facts stand out in sharp focus. First, the membership of NAF doubled in the next two years and increased an additional 50 per cent during the following two years. Secondly, whereas no management club ever reverted to a foremen's union, at least a score of foremen union chapters disaffiliated and became management clubs.

Next Steps

With the passage of the Taft-Hartley Act, industry was given a breathing spell and an opportunity to put its house in order, particularly on the supervisory level. Management alignment programs and similar actions tended to more clearly identify and define the management group. Management development programs increased at a tremendous rate. The emphasis in the Seminar changed to more nearly meet

the needs of our club leaders. The number of non-members attending decreased and correspondingly, attendance by club officers increased. Basically, the program continued as one of leadership development with an ever increasing emphasis on club activities.

The Picture At Present

Since its inception, 82 Seminar programs have been conducted. Almost 2,500 members of management have been trained in this week-long program which now is designed to provide leadership development in depth for club officers and other leaders of the NMA affiliated clubs. Its current purposes are as follows:

1. *To encourage mind stretching on the part of participants through joint consideration of problem situations.*
2. *To provide an awareness and understanding of current management principles, including social.*
3. *To provide an understanding of the NMA philosophy, its role in industry, its objectives and structure.*
4. *To develop a greater insight of the management club and its role as a leadership development medium.*
5. *To demonstrate unity in management through voluntary cooperative effort.*

Seminar Method and Content

In an effort to provide the participants with the maximum opportunity for leadership growth, a major emphasis is placed on group involvement in activities. Problem assignments and group discussions are buttressed with role playing, panel discussions, and buzz sessions in problem areas. Trends in the development of supervision, concepts of leadership, employee needs, management ethics, communications, inter-personal relationships, community responsibilities, and basic industrial fundamentals are presented for discussion by competent resource leaders. Ample opportunity is provided for interplay of thought and questioning.

Since the management club plays a dominant role in the development of planning, organizing and decision-making skills, methods and techniques for successful club operation are developed. The role of the NMA in industry and club direction is critically examined. Guided bull sessions and selected plant tours round out the program. It is an action-packed, fast moving activity designed both logically and psychologically to attain the goal of improved leadership skills.

A Final Word

The seminar has been successful to a remarkable degree. Ninety-nine per cent of those attending have rated it excellent. A typical quote is, "The Seminar provided more constructive ideas and information than one person could collect from 20 years of service in one company."

How many can attend? The optimum number is 30, and a maximum of 50 registrations

has been established for any given Seminar.

How much does it cost? A registration fee of \$25 has been set. This includes a get-acquainted session, dinner, lunch, bus and taxi transportation, photograph, literature and proceedings.

How do you register? Write, wire, or call the Education Division, The National Management Association, 333 West First Street, Dayton 2, Ohio. Phone Baldwin 4-8395.

ARBITRATION SUMMARIES ARE NOW AVAILABLE

The American Arbitration Association published the first issue of *Summary of Labor Arbitration Awards*, a new service for management and labor executives, attorneys and students of industrial relations. It consists of one-paragraph summaries of labor arbitration awards rendered under AAA rules and released for publication by the parties.

In summarizing the awards, the Association publishes the name of the arbitrator, the general industrial classification of the employer and the number of pages of the full text. The report containing these summary paragraphs will be issued at regular intervals and mailed free of charge to

AAA members. They will also be available for free inspection and research in all offices of the Association throughout the country.

This service was created by the Association in response to requests from member organizations and users of AAA tribunals who wanted added educational material on labor and industrial relations. Publication of awards was also urged by many as an aid to parties in selecting arbitrators. The thought was expressed that with an opportunity to read awards of professional arbitrators, company and union representatives would be in a better position to choose arbitrators with the particular experience needed for resolving their grievances.

the facts of life . . .

WHY Wages Must Be Earned

*by Fred G. Clark and
Richard Stanton Rimanoczy*

UNEMPLOYMENT has a very simple, understandable cause: *it occurs when there are not enough customers willing and able to buy what is being produced.*

Without customers there can be no payroll and, therefore, no jobs.

To hold customers any industry must offer attractive quality at attractive prices.

Wages are by far the largest part of selling prices, and if wages are not earned, that is,

if they rise faster than output per man hour, the selling price must go up, and the patronage of the customer is endangered.

It is all very well to say that if *all wages go up, all prices can safely go up* because with higher wages almost everybody will be able to pay the higher prices, but it doesn't make sense to get a raise *knowing* that it is going to be paid out for higher prices.

Moreover, even if this treadmill policy did make sense, the statement itself is not true because, instead of paying the higher prices, the customers could buy the high-quality, low-priced foreign goods which are coming into our markets in ever-increasing quantities.

As matters now stand, both at home and abroad, many foreign-made goods are better values.

They are already taking away customers and will continue to do so at an increasing rate unless the price of American-made goods stops rising.

One reason for this is the St. Lawrence Seaway which permits foreign goods to be delivered directly into the heart of the American market at extremely low cost.

This new all-water route can be particularly damaging to the steel industry which is paying

\$3.10 an hour against European wage rates of well under \$1.00.

There was a time when we could say that our tools of production were so much better than those of our foreign competitors, and that our people were so much more productive, that we could "lick everybody in the house."

But that is no longer true.

Most of the tools of production used by our foreign competitors are every bit as good as ours, and in many cases even better.

To make matters worse, our corporation tax policy is making it increasingly difficult for industry to lay aside enough money to replace obsolete equipment.

There is no use in kidding ourselves—we no longer are riding high, wide and handsome, at the head of the procession.

Our once-tremendous tool advantage is vanishing.

If we are to maintain job security *we must produce more goods per dollar of payroll.*

This does not mean that wages cannot rise—it simply means that we must *earn them.*

Everybody who has thought about this knows it is true, *but knowing the truth and acting on it are, unfortunately, two different matters.*

A Look Ahead . . .

NMA's Research and Development Program

by Norman George

PROBABLY NO OTHER INGREDIENT is more fundamental to the growth and development of an organization than *innovation*. The constant search for new ideas, new products, and new methods goes on in every segment of industry with increasing momentum. Aggregate expenditures in industry for research and development are in the billions. Furthermore, statistical evidence has been produced to show a direct relationship between company success and expenditures on research and development.

The need for innovation and development is as critical in the management education and development field as it is in products and services. Reflecting NMA's increasing emphasis on this area, the staff research and development activities were elevated to departmental status in January of this year. This two-man department includes the author and E. Carl Hepola, Supervisor of Development.

Briefly, the functions of the department are as follows:

1. *Evaluation of NMA programs and activities on the basis of over-all objectives of the Association.*

2. *Continuous analysis of club and Association needs in terms of those objectives.*

3. *The development of new programs, materials, and plans in accordance with the analysis of needs.*

As a result of previous research and analysis, the activities of this department currently are concentrated on the development of new educational and program materials. Most recent research efforts have been in connection with evaluating some of the major new programs and activities. Because of staff limitations, NMA's role in basic research related to management and the

supervisory function in particular must be limited. Our activity in this realm has been confined to performing certain administrative and coordinative functions in a study of the supervisory function by the Ohio State University Bureau of Business Research. An interim report on this project was published by NMA recently. This project was described in greater detail in a series of articles appearing in *MANAGE* several months ago.

Other research activities of major importance the past year included: Study and evaluation of the experimental Liberal Arts program conducted in eight test cities last fall; a study of the functions and the orientation program for NMA Directors; a survey of objectives and methods of management development programs conducted by NMA companies; a study of NMA educational objectives carried out in cooperation with the Education Department.

Development of New Programs and Aids

This past year saw the NMA placing stronger emphasis on developing program aids and materials. For the most part, these consist of visual aids, instruction manuals, leader's guides, reading materials, and

related aids to be used by clubs in conducting their own educational courses and special programs. The content of these programs are general enough to be appropriate for any NMA group. At the same time, they are designed with enough flexibility to adapt them to particular situations. An example of this type of program is the NMA Group Discussion Program in which thousands of members have participated. This particular program uses a film to provide the basis for guided discussion. A wide variety of methods are being used in the various other programs now either completed or nearing completion.

Some of these programs are developed completely by the NMA staff. In some cases, consultants have been employed to develop special programs. In still other instances, the function of the NMA staff has been to evaluate and adapt for club use materials and programs available from various sources.

New Programs to be Issued in October

The fruits of many months of labor will become evident to NMA members in the form of several of our newest programs scheduled for distribution or availability to clubs some time this month. At least two of

these programs will be demonstrated at the NMA Annual Conference in Detroit this month. Among the major new programs, the following should be of particular interest to all members:

1. An Overview of Management. This is a presentation with liberal use of visual aids and pass-out material. Essentially, it deals with the elements of the management process which every manager employs or should employ.

2. Delegation Be Hanged. This is a play to be enacted before a club audience. The complete script and other aids will be provided clubs producing the play. The story centers on a typical day in the life of assembly foreman Johnny Mason, who finds that the ability to delegate can be the difference between success and failure.

3. "Selling America" Economics Program. A three-part program on the American economic system. Imaginative use of visual aids make this a vivid and stimulating approach to a subject of unquestioned importance, but one which has often suffered from the lack of effective presentation.

4. Issues In Modern Management. This is an educational course designed as a six-session

study-discussion program. Participants are required to read selected literature on topics such as "Autocratic vs. Democratic Leadership," "Ethics In a Managerial Society," and "Managerial Leadership—Its Nature and Development." No lecturer or "expert" is involved in this program. A trained discussion leader, who probably will be a fellow club member, serves to keep the discussion stimulating and productive.

The above programs are completely new. Some of our existing programs are being expanded in scope and content. For example, several new Group Discussion Programs, utilizing films as the stimulus for guided discussion, will be ready in the near future (two of them are completed now). The Liberal Arts program will be offered wherever sufficient interest justifies the special training and administrative functions that need to be performed either by university personnel or NMA staff.

The Research and Development staff continuously reviews and tests programs available from other sources. Among such programs which we find highly adaptable to club use are the "Action Course In Practical Politics" available through the U. S. Chamber of Commerce and a non-computer

business game, the Andlinger Business Game, which was described in detail in a recent article in the HARVARD BUSINESS REVIEW. In the case of the business game, certain materials have been produced by NMA to facilitate the use of this program by clubs.

Forecast for the Future

For the immediate future, we will continue to emphasize new programs and educational materials. Our efforts will be guided, of course, largely by our experience with the new programs now being made available. Some problems are already evident in the administration of these programs. For example, some of them require considerable orientation, or even special training for club personnel who will actually conduct them.

As more and more program and educational aids become available from the NMA to sup-

plement the already extensive program and education activities of our clubs, some of the likely future developments in this area become quite apparent. For example, why not begin to tie together the various programs available from the NMA, the club, and local educational institutions into an integrated plan? Satisfactory participation in certain prescribed educational courses, for example, may earn an NMA member a type of "degree" or certificate of achievement conferred by the Association. Such a plan, in fact, is currently under study by the Research and Development Committee of the NMA Board of Directors.

The objectives and purposes of the NMA and its member clubs are clear and valid. The work of research and development should help us to sight our targets more precisely and score more hits.

NMA CLUB ANNIVERSARIES

OCTOBER

5 Years: The American-Standard Management Club of Columbus, Ohio.

NOVEMBER

20 Years: Clark Management Club, Buchanan, Michigan.

5 Years: Pillsbury Foremen's Club, Hamilton, Ohio.
Thew Shovel Company Management Club, Lorain, Ohio.



George W. Tomlinson
NMA Secretary-Treasurer

The Secretary- Treasurer's Report

The certified public accounting firm of Arnold, Hawk and Cuthbertson has just completed its annual audit covering the fiscal period from July 1, 1958, through June 30, 1959. Please note the comparative Balance Sheet and Income and Expense Statements for the 1957-58 and 1958-59 fiscal years, which immediately follow.

While it is obvious that the over-all financial condition of the Association did not improve during the past fiscal period, there are a number of significant factors which must be considered in this regard.

First, a decline in membership caused primarily by the interruption of normal business and production that occurred during the industrial spending slowdown of 1958. In general, this mild recession caused many plants to reduce their work force, and in some cases curtail operations completely, with a consequent reduction in management personnel as well. However, this trend seems to have paused and our membership once again is increasing.

As a result of the decline in association membership, greater emphasis was placed on new club and member promotion, resulting in a greater expenditure in the areas of club service and promotion.

Significant also is the increased effort being placed on development of more diversified and higher quality services to members of our affiliated clubs. The greatest emphasis, as is quite evident from the Comparative Income and Expense statement, has been in the areas of direct field service and program development.

The larger number of new programs now available and being introduced at the Annual Conference in Detroit is beginning to bear fruit in the form of additional new clubs and members and all indications are that this trend will continue.

While the Association's financial condition now is favorable, there are always new problems to be met and overcome. I have every faith that your Board of Directors, Officers and Staff have the ability and enthusiasm to surmount these obstacles as they arise.

With your interest and active participation, the years ahead hold great promise for our association, The National Management Association.

Respectfully submitted,
George W. Tomlinson
NMA Secretary-Treasurer

Where the 1958-59 NMA Dollar Came From



5.2c
Registration
Fees

1.0c
Seminars

2.8c
Grants from
Foundations

85.5c
Membership
Dues

2.2c
Annual
Conference

3.3c
All Other
Sources

How the 1958-59 NMA Dollar Was Spent



16.7c
Magazine
Expense

8.0c
Education

1.1c
All Other
Expenses

25.3c
Field
Service

10.2c
Administration
and Research

1.2c
Capital
Expenditures

18.7c
General
Office

3.6c
Public
Relations

12.1c
General
Service

3.1c
Annual
Conference

**Comparative
Balance Sheet
1957-58 & 1958-59**

Current Assets

June 30, 1958

June 30, 1959

CURRENT ASSETS

Cash	36,463.97	19,364.90
Accounts Receivable	40,497.45	41,727.11
Inventories	3,256.00	4,661.85
TOTAL CURRENT ASSETS	80,217.42	65,753.86

INVESTMENT AND OTHER ASSETS

Investments	48,676.02	49,762.47
Prepaid Expenses and Deferred Charges	1,934.35	2,311.70
TOTAL INVESTMENT and OTHER ASSETS ...	50,610.37	52,074.17

PROPERTY AND EQUIPMENT

Less accumulated depreciation	21,731.00	24,306.59
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NET PROPERTY and EQUIPMENT

TOTAL ASSETS	185,625.45	175,658.05
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**Comparative
Statement of
Income and Expenses
1957-58 & 1958-59**

Income

June 30, 1958

June 30, 1959

Membership Dues and Subscriptions	403,546.20	367,684.80
Registration Fees	17,760.00	22,245.00
Grants from Foundations	12,000.00	12,000.00
Seminar fees Income	7,266.96	4,175.00
Annual Conference Income	18,483.93	9,499.93
Other Income	9,417.40	14,458.98
TOTAL INCOME	468,474.49	430,063.71

Current Liabilities

	June 30, 1958	June 30, 1959
CURRENT LIABILITIES		
Accounts Payable	15,861.46	5,979.78
Taxes, Payroll and Sundry	4,894.07	4,277.20
TOTAL CURRENT LIABILITIES	20,755.53	10,256.98
RESERVES		
Investment Reserve	48,676.02	49,762.47
Deferred Income	106.60	1,481.00
TOTAL RESERVES	48,782.62	51,243.47
CAPITAL		
Excess Assets over Liabilities	116,087.30	114,157.60
TOTAL LIABILITIES, RESERVES AND CAPITAL	<u>185,625.45</u>	<u>175,658.05</u>

Expenses

	June 30, 1958	June 30, 1959
General Office Expense	72,327.92	*82,023.85
General Administrative Expense	47,207.66	44,563.01
General Service Expense	49,286.48	52,996.31
Field Service Expense	89,225.09	111,032.32
Education Expense	40,267.26	35,053.24
Public Relations	17,289.65	15,679.31
Magazine Expense	82,944.39	73,073.84
Annual Conference Expense	19,490.74	13,564.89
Depreciation Expense	3,845.14	2,666.97
Other Expenses	—	2,339.67
TOTAL EXPENSES	421,884.33	432,993.41
INCREASE OR (DECREASE)	<u>46,590.16</u>	<u>(2,929.70)</u>



ZONE MANAGERS REPORT



by J. V. Kappler

Zone "A" of The National Management Association is big, complex and aggressive. Its Clubs, with the exception of the Greater Portland Management Club and the Hughes Tucson Management Club, are in three concentrated areas, namely Greater Los Angeles, San Diego, and San Francisco Bay. The largest zone in membership (over 19,000) it includes a complete cross-section of industry, and of management positions, with a higher percentage than other zones in engineers, technicians, and scientists. The area is rapidly expanding and members are intensely interested in better management.

Distances do not dismay club officials and the success of many zone-wide projects can be attributed, in part, to the willingness of club officials to travel from considerable distances.

In recognition of this, NMA has equipped the zone manager with an office, a full-time secretary, and, until a year ago, maintained a full-time education specialist, in Los Angeles.

Many projects have been in-

troduced in Zone A which were the forerunners of NMA National programs such as the Club Leadership Training, Issues in Modern Management, the Liberal Arts Programs, Group Discussion Programs, Clinics and Workshops for Committee chairmen and club executives, and the concept of zone projects.

The office, full-time secretary, and the location of the great majority of clubs in Los Angeles make an ideal situation to carry on administration and communication practices not feasible in other areas. Newsletters, committee chairman's bulletin, and special announcements are originated, duplicated, and dispatched locally.

The Executive Officers Workshop, a "first" for Zone A, begun in 1957 and presented once each year thereafter, explores management and organizational problems of club presidents and vice presidents.

The management club game, featured at the 1958 conference at the Apple Valley Inn, is now an important part of the Management Unity Seminar at NMA National Headquarters in Dayton. Last year's workshop featured business games and decision making. Attendance has ranged from 63 to 91 presidents and vice presidents, an extraordinary record.

Always searching for something new and more effective, the Southern California Area Council last year held joint clinics wherein all committee chairmen from all clubs in the area meet on the same day and, after a brief assembly, break up into groups of special interests. Each committee workshop is conducted by an experienced conference and clinic leader drawn from the club membership. The San Diego Area Council annually offers a 2-day industrial relations conference presenting practical experts in management techniques.

A group of clubs in the Antelope Valley have joined together to present a series of breakfast conferences built around various management themes to their members and industrial management in the community. Scientific achievement was highlighted in the one-day management conference of the Greater Portland Management Club on March 7, while the Southern California Area Council's 11th Annual Workwiser Conference, a tremendous undertaking, featured a main speaker on Global Travel, on May 2.

Experiments in club and council organization are going on. One club labels its officials with the titles of their counterparts in industrial man-

agement; managers, superintendents, and supervisors, enhancing the concept of the club as an industrial leadership development medium. Increased efforts are being made by several clubs to improve member indoctrination programs. The management development committee of the Southern California Area Council is subdivided geographically with co-ordinators and sub-co-ordinators for council projects in each of 4 regions. Communications are faster and more accurate, and coverage is more complete.

Like many others, this zone has problems peculiar to its own area. An executive of an NMA company stated, "The managerial and supervisory job in a predominately scientific industry such as missiles development is infinitely different than the supervisors management job in an assembly plant of an automobile company or most other manufacturing industries."

The tremendous range of technical skills and background of management and supervisory people in the zone has made it difficult to determine eligibility standards. Rapid expansion and growth create shortages of trained management personnel with resulting greater demands on the time and

energy of the club members and officers. The club must often give way for the job.

In spite of these and other problems Zone A has continued to grow, and with it is growing an awareness of the value of professional management associations. More members than ever before are participating in programs and activities of their management club and the results are beginning to be felt in terms of increased productivity, more harmonious in-plant relationships and many other ways.



by S. Allen Seibert

Zone "B" is NMA's largest zone geographically with 36 clubs distributed over an area from Denver, Colorado to Evansville, Indiana, and from Springfield, Illinois, to Baton Rouge, Louisiana.

Communications, a difficult problem in any zone, are more complicated due to sometimes extreme distances between clubs. Except in the St. Louis area, there are no large concentrations of clubs where inter-club activities can be successfully and frequently staged. There are some inter-club ac-

tivities, however, and efforts will be made to encourage more of these.

There are three NMA Area Councils in Zone B, one of which, the Iowa Area Council, will be covered in the Zone G report, as this territory is serviced by Zone G Manager Vince Linn.

The St. Louis Area Council held its 5th annual management conference in February, 1959, having a record attendance of 550 registrants from member and non-member companies. The conference program lived up to expectations and was enthusiastically received by participants, some of whom had traveled over 300 miles from such locations as Tulsa, Oklahoma, Fulton and Neosho, Missouri; Memphis, Tennessee; Newton and Burlington, Iowa; and Evansville, Indiana.

The strong drawing power of this conference has inspired the St. Louis Area Council to form a New Club promotion committee, with excellent results. Their first club, the Management Club of Greater St. Louis received its charter on September 16, 1959, and will continue to operate under the sponsorship of the St. Louis Council. The Indian Nations Council includes NMA clubs in the state of Oklahoma. Main event of this council is an an-

nual joint membership meeting of the clubs in the area. Considering the distances traveled, there has been a remarkably high turnout of members present at this meeting, and they continue to successfully meet a need in the Oklahoma area.

A current Indian Nations project (and the "bugs" have not been worked out yet) is a plan to book nationally-known speakers for a short tour appearing at the monthly meetings of each of the clubs in the council. By sharing the fees, all clubs will have the opportunity of hearing high-calibre speakers at comparatively low cost.

Another trend new to this area is the undertaking of a complete, one-day management conference by one club. Both American Airlines Administrative Association in Tulsa, and the Quincy (Illinois) Management Club presented such conferences this year, following the general pattern of the St. Louis Council and receiving some assistance from NMA National Headquarters. Both conferences exceeded expectations and will probably be continued as regular features of the clubs' activities programs.

The combined efforts of club officers, National Directors and the Zone Manager have brought in three new NMA clubs in the

zone this year. These clubs are ACF in Albuquerque, New Mexico; Grayson County Management Club in Sherman, Texas; and the Greater St. Louis Management Club. Directors and the Zone Manager face a challenge in meeting the needs of these new clubs during their first year of operation, particularly in view of budget limitations and travel distances involved.

Strong efforts will continue to be made to bring an effective club leadership development session to each club in the area shortly after new officers are installed. A program of clinics in program and booster-membership activities is tentatively scheduled in Baton Rouge, Tulsa, and Denver. Education clinics were held in September in Fort Worth and Dallas, with excellent participation and reception. An executive officers workshop will again be held at a time and place not yet selected. Last year's workshop in St. Louis was successful, but did not draw as many participants as those in other zones. Zone officials will be asked to assist in selecting the site and conducting the year's program.

There is evidence of awakening interest in new club promotion in several areas and this is expected to be Zone B's ma-

for objective for the year. Directors are aware of the danger of over-emphasis of promotional activities at the expense of stability in our present clubs, however, and will be alert to combine the two objectives in 1959-60.



by Robert D. Green

The past fiscal year was a highly successful year for most of the 40 NMA clubs in Zone "C" (Ohio). Statistics reveal that more Zone C clubs earned the Excellent Club Award than in any other zone.

The North American Aviation Management Club (Columbus) won the Convair Award and was judged the No. 1 company club in NMA. The Diamond Unity Club of Diamond Power Specialty Corporation (Lancaster) was named Management Team of the Year for its winning entry in *MANAGE* Magazine.

Ohio has four area councils—the Central Ohio Area Council for clubs in and around Columbus; Northern Ohio Area Council for clubs in cities along Lake Erie; Southwestern Area Council made up of clubs in the

Springfield - Middletown - Cincinnati area; and the Mid-Ohio Valley Management Council composed of the Ohio Valley Management Club at Marietta and the Tri-County Management Club at Parkersburg, West Virginia.

Well-planned annual conferences were sponsored by each of the area councils during the year, in addition to outstanding one-day conferences sponsored by the Lima Management Club and The Shovel Management Club.

Most area councils meet quarterly, with the exception of Central Ohio Area Council that meets monthly, to hear reports from the represented club, preview NMA education programs, plan conferences, etc.

Columbus was selected as one of the eight cities for introduction of the NMA Liberal Arts program. Sponsored by the Central Ohio Area Council, an introductory meeting for Columbus clubs' executives was held, followed by a week-end training institute for discussion leaders. World Politics, Ways of Mankind, and Economics and Politics were studied by discussion groups in Columbus, Lancaster, and Mt. Gilead.

In November a three-day Management Unity Seminar was held in Cleveland at the Harris-Seybold Plant. Spon-

sored by the Northern Ohio Area Council, the seminar program was similar to the well-known Dayton seminars. Forty-five men from NMA clubs in the Lorain - Cleveland - Painesville area participated in the conference.

Thirty-two men from various Zone C clubs attended the week-long Management Unity Seminar in Dayton during this past fiscal year.

A City Club Clinic was also held in November at Columbus. Officers from 12 NMA City Clubs in Ohio, Indiana, Michigan, and West Virginia listened to discussions on Membership, Civic Projects, Education Programs, Top Management Support, Training of Club Officers, and City Club Financing. All discussions were presented by panels of City Club Officers and the clinic was rated an outstanding success by those who attended.

Program and booster clinics were held in Columbus, Cleveland, Lima and Hamilton for the benefit of clubs in those areas. These clinics were conducted by the Zone Manager to assist program and booster chairmen in their work.

The NMA Code of Ethics was presented for the benefit of men in seven Zone C Clubs.

Twenty-five of the 40 clubs in Zone C requested and held Club

Management Conferences for the training of their new officers. Each conference took approximately four hours, during which time the Zone Manager and officers discussed all major areas of club operation.

Although no new clubs were chartered during this period, considerable club promotion was engaged in by the Zone Manager and various directors and clubs officers.

Promotion calls were made in Akron, Cleveland, Chardon, Marietta, Zanesville, Columbus, Springfield, Ashtabula, and Elyria. In the cities where NMA city clubs already existed, the zone manager and club officers called on industries to support the existing city club. Considerable NMA literature was distributed to all clubs in the zone for promotion purposes.

A number of clubs introduced innovations such as spot-lite features, a club newspaper, variety shows, one-day company seminars; yearbooks, folders and cards showing meeting dates and club events.

The '59-60 fiscal year will see many of the successful activities of the previous year repeated and new ones added. Booster, program and education clinics will be held in June, 1960. This will permit a maximum of new club officers elected in the spring to prepare

their programs during the summer and fall season.

An executive officers workshop for all presidents and vice presidents in the zone will be held at Columbus in July, 1960. Meetings of club secretaries and treasurers will also be held in various areas to acquaint and assist them in their work.

Another City Club Clinic will be held in June, 1960, for all city clubs in Ohio and nearby states.

The four area councils are making plans for their annual conferences now. Two additional one-day management development conferences will be held. November 14, The National Tube Management Club will sponsor a one-day conference in Lorain. December 5, Detroit Steel Corporation Management Club will sponsor a similar conference in Portsmouth. The Lima Management Club will also hold its traditional conference, and plans are under way to hold another three-day Management Unity Seminar in Cleveland.

All clubs will be urged to hold club management conferences or club leader indoctrination meetings for the benefit of their new officers.

More and more effort will be placed on building up our existing clubs and to charter new clubs this year. There is every

indication that there will be at least four new clubs in Zone C in the near future.

Clubs will be kept informed on the activities of the NMA and other zone clubs through the Zone C Newsletter, edited by the Zone Manager, and published monthly for distribution to all Zone C clubs. All clubs will be urged to participate extensively in their club and NMA activities during '59-60 fiscal year.



by Theodore F. Harnack

The 1958-59 fiscal year has been a year of progress for Zone "D". Some of the projects tackled were: (1) Reorganization of the Western Pennsylvania Affiliated Clubs; (2) Sponsoring a Management Conference by Southern West Virginia Council of NMA Clubs; (3) Increasing membership in individual clubs; (4) Strengthening education programs and (5) Sponsoring Management Conferences in the individual clubs.

A special committee was appointed to pick out a slate of officers for the newly reorganized council, the Western Pennsylvania Affiliated Clubs

(WPAC). Election will be held in October. The WPAC will prove to be a very efficient body this coming year, setting many objectives which, when reached, will tend to strengthen all affiliated council clubs.

The Southern West Virginia Council of NMA Clubs presented its Management Conference in May to an audience of 350 management men. NMA president, G. Eldon Tufts, spoke to the group, in addition to the other excellent speakers. This council also held its first program clinic in June; this, too, was a successful venture for them.

Program clinics were also sponsored by the Talon Management Club in Meadville, and the Oliver Management Club of York. The Meadville Management Association sponsored a booster clinic. All participants were well pleased with the new ideas picked up from each of the clinics that could be used in their own club.

Several Zone D clubs had very effective joint meetings. The three clubs in York, Pennsylvania (Oliver, Bendix, and Red Lion) had as their featured speaker Harry Jeffrey, counsel for the Foremanship Foundation and the NMA. Jeffrey spoke on the "Individ-

ual's Civic Responsibilities in Politics."

At the Meadville-Talon joint meeting Dr. Robert Agnew, from the University of Pittsburgh spoke on "Are We Expecting Too Much from Our Supervisor?"

The Altoona Management Association and the Foreman-Manager's Club of Huntington held Management Conferences co-sponsored with the local universities. Each of these conferences drew well over 300 participants.

Thirty of the 38 clubs in Zone D participated in the club leadership indoctrination program conducted by the Zone Manager.

A discussion leaders' training course for "Issues in Modern Management" was presented at the Hotel Roosevelt. Thirteen men, representing seven clubs, attended the session, which was conducted by Norman George and Howard Harger, both of National Headquarters. As a result of this training, most of the clubs represented will present "Issues" to their members.

Zone D is proud, and rightfully so, that two of its clubs received the Management Team Citation. The Christy Parks Management Club of the National Tube Division of U. S. Steel received its award for re-

modeling work on the Hoyt Lodge at the Boy Scout Camp Aliquippa. The Armco Mines Management Club's award was for its efforts in constructing a Roadside Park. Both clubs put forth a great deal of time and effort to accomplish their objectives.

Plans for Zone D in the coming year are to sponsor more program, education and booster clinics, to present an executive officers workshop, to have more club-sponsored education programs, and to bring new clubs into Zone D. Zone D has strengthened itself this past year through hard work on the part of all clubs, but we are still not satisfied and will strive to make the '59-60 year an even greater year.



by Charles E. Nelson

The past year in Zone "E" has witnessed many new programs and activities. The South has gone through and is continuing to go through a rapid transition from agriculture to industry.

Where cattle grazed 10 years ago, new plants and industrial centers are now located.

Some authorities say this is

due to natural resources, surplus of labor, improved transportation, and new markets. Others say this is part of the answer, but the outstanding reason is attitude of the people. There is an eagerness to learn and to help others.

Southern people are deeply religious and the influence is felt in daily industrial life. There is no other region where the NMA Management Ethics Conference is in so great demand or the Code more faithfully and sincerely practiced.

At the beginning of the year, zone officials felt there were two primary needs to be met: (1) The need for more clubs in order to broaden NMA's influence in the South's rapidly expanding industry; (2) A greater and more complete program of service to existing clubs.

The directors and council and club officers, recognizing the constant travel demands upon the NMA field staff over a broad geographical area, seized the initiative and performed most of the initial contacts with club prospects, calling upon the Zone Manager for counsel or to complete arrangements for new club organization.

Spot-lite Conferences were conducted by the Alabama

Council in several locations throughout the state. Promotion follow-up by officers and directors has already resulted in one new club with a promise of more to come. The council provides promotion teams and speakers to assist local committees in presenting the NMA story to local groups. More promotion leads have been developed than at any similar period in the history of NMA in the South.

The Spot-lite Conference, an NMA "First" for Zone E, is a one-day management conference conducted by the Alabama Council of NMA Clubs in various locations in the state. Local clubs or other groups take care of registrations, arrangements, and publicity, while the council provides the entire program, including speakers and conference leaders.

The Kentuckiana Council, although starting a little later, has already formed one club and has plans for more.

In addition both councils have "hosted" program, education, and booster-membership clinics, and both have held the first of what will be a semi-annual dinner meeting of executives of NMA industry in the area.

Labeled a success, by all who

attended, was the club executive officers' workshop held in the Jefferson Hotel in Birmingham on February 6 and 7.

Zone E clubs have become noticeably stronger during the year. There is greater emphasis in planning, sometimes two and three years ahead. Many clubs are planning a tie-in between the monthly meeting and the weekly educational discussion groups while both together serve to complement the company's training or management development program.

Many clubs, for the first time, have set a goal of achieving the NMA Excellent Award this year, with an eye on some of the competitive awards in the near future.

Zone E, geographically the second largest in NMA, has been an interesting and challenging area to service in the past year. Club officers have set high objectives, with resulting high demands on themselves and their associates. Club leadership conferences are now in high demand, NMA Management Ethics Conferences are gaining in popularity, both of which must be sandwiched in between clinic dates and new club promotion calls.

The more service we perform, the greater the appetite for more and the greater the

demand upon our shrinking time and limited budget. These signs are healthy ones, however, and we look forward to a year of achievement in 1959-60.



by Harold K. Hampton

NMA clubs in Zone "F" faced the new 1958-59 year with problems, some old, some new.

The majority of Zone F clubs are located in three general areas; New York City, New England and Buffalo with long gaps between, particularly from Buffalo to the other zones.

Boston had been host to the National Directors Meeting in May, 58.

New England clubs, most of which are located in Massachusetts, occasionally arrange inter-club meetings with other member clubs of the NMA New England Area Council. Greater New York Area NMA Council and Western New York Council National Management Association have, for many years, conducted excellent regional management conferences, but usually confined their major effort to this activity. Plans are

now being made to broaden their service to member clubs.

A zone manager had been newly assigned to this area (February, 1958) but had not yet entirely won the confidence of club and council officers. This was understandable, considering the two years immediately prior to this period when the former zone manager had been injured in the performance of duty and unable to plan visits in advance, due to the frequent and unpredictable recurrences of his injury. It was felt that the best way to gain their confidence was to get out and visit the club officers, perform some service as required, and wait for a second meeting before attempting to schedule club leadership indoctrination programs or other service functions.

Members and directors in New York had long asked to have a zone manager assigned to their area both for convenience of service and to realize the new club potential which they believed existed in the metropolitan area.

The New York Regional Conference, their 13th in as many years, had for its theme "The Road Ahead." It showed the results of careful planning by experienced and capable committees and drew a fine at-

tendance. The high expectations for new club promotion prospects did not materialize in spite of over 50 follow-up contacts.

The first clinic in this area was a program clinic presented at Pennsylvania Station YMCA in New York City on November 8, 1958. It was well received and there is an indication of sufficient interest here for one or more clinics in New York City in succeeding years. An education clinic is tentatively scheduled for January, 1960.

The Buffalo area NMA Council is fortunate to have 10 clubs from which to draw conference officials, workers, and participants. Like New York's, Buffalo's management conference never fails to present a solid program with good drawing power.

A booster clinic was held in Buffalo on January 17, 1959. As in New York, reception to the clinic idea was good and it is planned to conduct an education clinic in November '59.

A strong interest in new club promotion has been shown by the Western New York Area Council. Club officials have made initial contact either by personal visit or by invitation to their own club monthly meetings. Where interest is

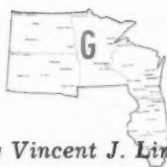
shown, the name is turned over to the zone manager for further development. Although no new clubs have yet developed, the plan will be continued during the coming year.

One of our greatest needs in Zone F during the next year is for activities which bring together members of groups of clubs. We will strive for more joint club meetings and more area council events. Perhaps most of all we need an activity to be attended by all the key men of our clubs in the entire zone. With this in mind we have scheduled an Executive Officers' Workshop in Buffalo with a tentative date of March 25-26, 1960.

Other clinics now planned are the following: Booster-membership—Boston, December 12, 1959; and Booster-membership—Watertown, March 19, 1960.

Throughout the coming year, club officers will be asked to continue their efforts to attract new interest in the NMA among local industries and business.

In Zone F we are well aware that an expanding National Management Association can make a strong contribution to industrial peace and stability in the Soaring Sixties!



by Vincent J. Linn

The area served by the Zone Manager stationed at Chicago covers the northwest corner of Indiana, the north half of Illinois, and the entire states of Iowa, Wisconsin and Minnesota. Within this area are 50 NMA clubs and three area councils.

The great challenge in this area has been two-fold:

1. To acquaint industry in general with the values which NMA has to offer in developing leadership, building teamwork, and creating wholesome attitudes for their supervisors, and

2. To help our member clubs to achieve the highest effectiveness in carrying out their programs as they work toward the above goals.

Much progress has been made in reaching these goals through the efforts of our area councils. These area councils are the NMA Chicagoland Council, Wisconsin Council of NMA Clubs and Iowa Area Council of NMA. Each council conducts a one-day conference each year, the Iowa Council holding theirs in September and the Chicagoland and Wis-

consin Councils holding their conferences in late winter. In addition to the management conference, each council holds four meetings each year.

Our councils have sponsored special clinics for club officers and committees. These clinics were arranged by the councils and presented by the NMA Zone Manager with the help and cooperation of the NMA national directors and club officers. Clinics for boosters were held at Gary, Chicago, Oshkosh and St. Paul. Program clinics were held in the same four cities. An education clinic was held at Burlington, Iowa. Club executive officers' workshops were held at Gary and Chicago.

Chicago was one of eight cities chosen as a test site for the Liberal Arts Study Discussion Programs last fall. The four participating groups pronounced it a profitable and unusual education experience.

The Iowa Area Council arranged for the Zone Manager to conduct training sessions for the booster committee of each club in lieu of a central booster clinic. This was done due to the geographical distribution of the Iowa clubs. The Iowa Council gives an award to the outstanding club in the council, rating the clubs by a point sys-

tem. They also select an Iowa industrial management man as Management Man of the Year. The selection is made by a committee representing NMA, the National Association of Manufacturers and the Iowa Development Association. The clubs of this council also present a series of vocational programs at the Iowa Training School for Boys at Eldora, Iowa. This council has a committee for new club development which assists in creating interest in NMA and in forming clubs where interest is found. The Albert Lea Management, Albert Lea, Minn., is a result of the efforts of this committee.

It is difficult to pick out individual clubs for commendation. There are many of our clubs which are doing many splendid things in the areas of management development and community service. Our clubs are becoming more and more conscious of the need and the opportunity to help their members grow through association and the exchange of ideas. Discussion groups are being formed in many clubs, and professional reading is increasing as the members prepare themselves for their group discussion sessions. One club has been requested by the members to provide training in

group discussion leadership. At last report it appeared that at least 25 members of the club desired to be trained to lead discussion groups.

During the past year this Zone Manager has conducted two club executive officers' workshops, five booster clinics, five program clinics, two education clinics and 38 club leaders conferences. During the present year, program clinics will be held at Gary, Chicago, Oshkosh and St. Paul. Education clinics will be held in the same four cities. Executive officers' workshops will be held at Chicago, Gary and Oshkosh. Secretaries' workshops will be held at Chicago, Oshkosh and at some point in Iowa.

Formation of new clubs has been slower this past year than in previous years. This fact is a challenge to greater efforts on the part of the Zone Manager. In addition to contacting every company which expresses an interest in NMA this Zone Manager will call on at least two non-NMA companies each week and tell them of the many advantages of affiliation with NMA. In addition to these company calls, city groups will be approached through the Chambers of Commerce in an effort to form city clubs of NMA.



by John Hammon

Reports from the clubs in Zone "H" show this past year to have been another interesting and successful year for NMA groups in the Hoosier and Wolverine states. This has been true, not for any one reason, but as the result of co-operative efforts in many different projects and activities.

Not the last among these has been the planning and preparation for the 36th Annual NMA National Conference to be held in Detroit this month. Under the direction of Bill Landis, Conference Coordinator, and with the cooperation of the Detroit Area Council, many members of the clubs in the Detroit area have given many hours to the committee work required in a major undertaking of this kind.

Nearly a year ago, members of the Detroit area council held their first meeting to begin planning for the conference. Since that time, many committees have been meeting regularly and have capably handled the numerous details connected with presenting a national conference.

Another important event this

year was the NMA club executive officers' workshop, conducted by the NMA club service department at Clear Lake Camp in central Michigan last April. The workshop, which began with a dinner program Friday evening and continued all day Saturday, was attended by 47 club presidents and vice presidents, representing clubs in all parts of Michigan and Indiana. A special committee of the Wolverine Council of NMA clubs made the local arrangements and served as hosts for the workshop.

Situated in a pleasant wooded area beside the lake, far from the noise and distractions of the city, Clear Lake Camp proved to be a nearly ideal location for a workshop of this kind. Plans are already underway to conduct a similar program there in April, 1960, with the cooperation of all the clubs and councils in Zone H.

In addition to the National Conference, being held this month in Detroit, regional management conferences were conducted in each of the other three major areas of Zone H.

In December, the Kokomo Foremen's Club presented its annual conference for members of management throughout the central Indiana area. "Broader Horizons" was the theme of this conference, featuring six

well-known conference leaders.

The annual management conference of the Wolverine Council of NMA Clubs was presented at Battle Creek in February. Nearly 1,000 attended this conference which used as its theme, "Breaking the Barriers to Success."

The Michiana NMA Council presented its 3rd annual management conference in March, based on the general subject, "Cost Reduction in Business and Industry." The conference, conducted at South Bend, was attended by management men representing a large number of companies in the industrial Michiana area.

Also during the year, a series of clinics for club officers and committee chairmen was presented in several areas throughout the zone. The purpose of these clinics was to permit the exchange of ideas and information about ways to improve club programs, increase membership and attendance, and make clubs more effective generally. A city club clinic was conducted at Columbus, Ohio, and was attended by representatives of most of the city clubs in Indiana. Booster clinics were conducted at South Bend, Detroit, and Battle Creek. Program clinics were presented at South Bend and Battle Creek.

In planning for the future, it is expected that booster and program clinics will be repeated annually in each area. For the 1959-60 year, these clinics will again be scheduled in Detroit, Battle Creek, and South Bend. In addition, similar programs may be presented at some point convenient to the NMA clubs throughout the central Indiana area.

Many other outstanding activities took place throughout the Zone. Space will permit mention of only a few.

The Michiana NMA Council again sponsored its annual banquet, which each year brings together the members of all the NMA clubs in the Council for an outstanding joint dinner meeting.

Clubs in the Battle Creek area successfully completed a study-discussion course using the NMA Liberal Arts Program. The program is to be repeated in the year ahead.

The NMA directors in Zone H this year have turned their attention to the national membership drive. With the help of clubs and councils in all parts of the zone, numerous companies which have never had management clubs have been contacted. The fruits of these efforts will soon be evident.

NMA MEMBER AND CLUB SERVICES

A descriptive list of the more important and extensively-used services of the NMA. These are the tangible services of the Association. They are tools to help clubs and members attain the objectives of the NMA. They are some of the means, not the ends in themselves. For that matter, the intangible benefits of any association often have a more profound effect than the tangible. This list has been compiled as an aid toward better use of the Association's resources.

Manage

The monthly journal which goes to the home of each member. Digests latest developments in management and related fields. Interpretative editorials and articles help supervisors understand and synthesize trends and thoughts.

Speaker

One professional speaker is provided each club year.

Speaker Consultation

NMA staff thoroughly screens, evaluates, and recommends top calibre speakers. A **SPEAKERS' DIRECTORY**, revised each year, is distributed to all clubs. Direct consultation on the selection of speakers is offered. This service is highly recommended for clubs which rely heavily upon speaker programs and must maintain consistently top quality.

Group Discussion Programs

Discussion programs using films and film strips. All necessary aids and materials are provided. Successfully used by a large number of clubs as meeting programs and special educational programs.

Club Leadership Development

A comprehensive orientation program for newly elected officers provided through zone manager, a specialist on club operations.

Zone Manager Consultation

The NMA club operations specialist is available for consultation on all aspects of club problems and activities. His background includes working directly with a large number of clubs and an intimate knowledge of the Association and its affiliates.

Club Leader Kits

An extensive array of guides, manuals, literature, and directories covering functions and responsibilities of officers and key committees.

Clinics

A series of workshops conducted by the Zone Managers for clubs in an area. Featuring exchange of information and ideas, demonstrations and role playing. Clinics currently are offered in Programming, Booster Committee operations, Education, and a special developmental program utilizing the simulation technique—The Executive Officers' Workshop.

Management Ethics Conference

A four-hour participative conference using NMA's Code of Ethics to handle case problems in supervision. Available to all clubs. Usually conducted by the Zone Manager.

Awards Program

A carefully designed and administered program to stimulate efforts to achieve basic goals of NMA and to serve as a guide for the club.

Library

A special library of management literature available to all members through simple mechanic of postcard.

Seminars

A week-long program conducted six times a year at the National Headquarters. Developed over a period of twelve years, it trains club leaders. Combining training and orientation in management skills with training in club administration, its purpose is to enable participant to fit club activity into the over-all framework of management development.

Field Conferences

One to three-day conferences and institutes designed, organized and conducted by the NMA Educational staff upon request of a club or group of clubs. Program based upon determination of needs made in consultation with club officers.

Educational Consultation

Consultation by Education specialists on the development of education program in the local area. While the NMA does not itself administer the program, it brings together the combined experience of the Association and its specialists in helping clubs determine objectives, organize and develop programs. Special training is offered to facilitate program (see below).

Management Conference Consultation

Special consultation service for club or council sponsored conferences by Education and Public Relations Departments.

Discussion and Conference-Leading Workshop

Special training in techniques and content for potential discussion and conference leaders. Orientation in the use of program materials available from NMA and other sources.

Research and Development

This NMA department includes two specialists who devote full time to the analysis and development of program materials and the study of special Association problems. One function of this department is the study and testing of program materials available from a variety of sources with the objective of adapting them for use by NMA clubs.

Management Information

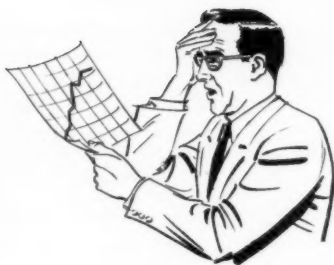
A special information exchange service available to any club or NMA company, drawing upon the experience and resources of NMA affiliates.

Special Literature and Reports

Special reports, research studies, and informational literature sent periodically to clubs and NMA executives, focus attention on developments affecting the supervisory management profession. Recently initiated is LEGISLATIVE ACTION information service. Others include NEWS DIGEST, EDUCATION BULLETIN.

Annual Conference

In addition to annual business meeting in which all clubs are represented, includes top calibre speakers, conferences, club activity clinics, and demonstrations of new programs.



Incentive Plans --- Friend or Foe?

by Daniel R. Pohlman

WHAT ARE INCENTIVES? They are pay plans whereby men are paid—not for their time, but for their effort. Wage incentive plans are now proven to cut costs, to increase productivity, to motivate employees, and to compensate individuals or groups of employees fairly for the actual work they perform. Incentive plans are proven to be one of the best methods known for bringing management and labor together to reach a common goal.

I will first give a short review of the various types of incentive plans available, along with

the generally recognized advantages and disadvantages of each.

Individual Plans

The most common type is the individual or small group incentive, in which output per man-hour of an individual can be related to an objective

standard of performance—performance that management has a right to expect, and that a worker is willing to perform. These standards are generally achieved through extensive time and motion studies.

The advantages of the individual or direct incentive are:

1. They take advantage of the differences in individuals—in their needs and their desires.

2. The engineering studies alone provide excellent bases for work flow improvement, machinery modifications, personnel assignment, and almost always, a more sound pricing basis.

3. When engineering studies are used as the basis for an incentive plan, the major gain to the employer comes from the workers closing the gap between what they have been producing and what standard is established. This may easily represent a 10% to 20% improvement factor before the workers are eligible for incentive earnings.

Among the disadvantages of this type of plan are:

1. High original installation cost.

2. Relatively high maintenance cost in terms of engineering and clerical salaries, which reportedly comes to

about 3% to 5% of the annual wage roll of the average company.

3. The inability to provide full coverage of all hourly-rated employees.

4. There is little or no incentive to employees to conserve materials and supplies, and there is often no quality-of-work factor.

Teamwork Plans

Next we come to plantwide or teamwork plans. All such plans have, to varying degrees, the advantage of fostering a mutually cooperative spirit among plant employees, and a joint effort by employees and management together toward higher earnings for both parties. The following are the major types of such teamwork plans:

Cost saving sharing: Under these plans, various production operations are assigned standard costs. Any savings from these standards are then available for sharing on various bases between the workers and the company. The technical and economic disadvantages of these plans are similar to those of individual or small-group plans. The major problem is the long range squeeze engendered by failure of prices to rise at the same rate as the base wage rates, and the fact that

competitors gradually or speedily adopt the same saving practices, while not paying extra wages for them.

Volume sharing: The second group type plan is the volume-sharing or production bonus type. These plans are occasionally found in plants whose product may be relatively easily measured in physical terms—a pig iron furnace, a mining operation, etc. The management agrees to pay the workers varying bonuses for certain amounts of physical production above established plantwide standards. The disadvantage here is that the employer is paying money for physical output without regard for the near or more especially, the long-term amounts he receives in the market for his product. In addition, such plans are usually bargainable with unions, and therefore outside the realm of economic engineering.

This is a condensation of an address by Daniel R. Pohlman, Vice President—Operations, Pohlman Foundry Co. in Buffalo, N. Y.

It was made before a business management seminar sponsored by The Buffalo Chamber of Commerce and The University of Buffalo and published by the Eddy-Rucker-Nickels Company of Cambridge, Mass.

Profit sharing: The third type of plantwide plan is Profit Sharing, and it is probably the most widely known. Basically, these are plans whereby a firm establishes an arbitrary scale of measurement and standard of performance, above which added earnings will be paid on various bases.

The advantages of profit sharing plans are as follows:

1. Cheap to determine and install—simply pick a basis and tell your people about it.

2. May be quickly put in to plug a bad hole in wage or salary structures and apparently often offered as a sop to union employees during a tough bargaining session, in lieu of a wage increase.

3. An apparent advantage is the fact that there are no incentive payments made unless the established minimum standard of company profit is met. However, there is in turn no incentive to employees to reduce losses when there will be obviously no added earnings under the profit sharing arrangement.

The disadvantages are:

1. All such plans, regardless of basis, require approval of the Internal Revenue Service of the United States Treasury.

2. Since these plans must operate on the basis of annual audited statement figures, they can only pay added earnings once a year. The psychology of most hourly-rated factory workers is such that rewards should follow the performance much more closely.

3. In the case of union contract negotiations, the once-a-year profit sharing payment often becomes a built-in "club" for the union negotiator to use as a basis for higher hourly wage rates. Apparently, the usual argument is the demand that a certain percentage of the previous year's profit sharing check be distributed to them weekly in the following year. This is similar to arguments successfully used to incorporate part of previous "Cost of Living" adjustments as part of the basic wage structure.

4. Profit sharing plans cannot measure the amount of profit gains or losses created separately by: (a) volume change only, and (b) productivity gains (or losses).

Sales sharing: The next plantwide incentive plan is the Sales Sharing Plan, and in its best known form, called the "Scanlon Plan." Under these plans, the hourly-rated employees are guaranteed a certain percentage of the sales

value of the company, based on an analysis of previous operations.

The advantages of the Scanlon Plan are:

1. Provides incentive coverage for all employees, including salaried and usually executive.

2. May (or may not) be set up on a non-negotiable but re-engineerable basis as part of a union contract.

3. Can often be set up rather quickly without detailed audit or economic engineering work on the basis of available annual statement figures, and the minimum amount of work required should make the cost relatively low.

The more obvious disadvantages of this plan are as follows:

1. Makes no allowance for rising costs of materials and supplies so the employees, in effect, are being paid a commission for the material-cost increases brought on by gradual inflation.

2. Makes no allowance for a shift in the percentage of sales values obtained by purchasing parts, sub-assemblies, etc.

3. These plans establish a percentage relationship between sales value and the total of all wages and salaries paid by the firm. Thus, all clerical, technical, supervisory and ex-

ecutive salaries are combined with the hourly-rated wages, and related on a straight per cent basis to the sales value created without allowance for the fixed component present in the salary structure due to merely being "open for business."

4. A very general statement about the "Scanlon Plan" is that it is quite strong in ethics, but weak with respect to economic principle, since there is no historic economic basis for providing that total employment costs or even hourly worker earnings should be a near-constant per cent of the sales values generated.

The Rucker Share of Production Plan: The fifth of the available teamwork plans is the Production Value Sharing Plan, more commonly known as the Rucker Share of Production Plan. Under this plan, a prior historical relationship is accurately established between the total earnings of hourly-rated employees alone, and the net Production Values actually created in the plant. The company and the workers will share the increases in Production Value which result from their joint efforts in the same manner that economic-engineering has shown had previously existed. Production

Values may be loosely defined as those monies which remain from sales value after all outside purchases have been deducted. In other words, they are the worth of your product which has been created in your own plant.

The advantages of the Rucker Plan are:

1. It is understandable, believable and acceptable to workers. It is soundly based on economic relationships shown by Bureau of Census statistics.

2. Provides integrated incentive for reduction of material and supply costs, reduction of in-plant and customer rejects, decrease of labor cost relative to values created, and improvements in product quality generating greater sales or higher prices.

3. Provides offset to inflation in cost of materials and supplies and compensation for product price increases.

4. The employees' share of Production Values is non-negotiable with a union.

5. Companion plans for salaried plant employees and executives can be engineered on the same basic economic principle, but separate from the plan for hourly-rated employees.

The disadvantages of the Rucker Plan are:

1. *It cannot be installed overnight as can a Profit Sharing Plan.*

2. *Costs more than Profit Sharing but less than the individual time and motion study based incentives.*

3. *The success of the Plan requires and demands the integrity of management. The workers must believe the figures which are provided by management. This stipulation is not really a disadvantage, but rather a warning.*

Productivity Indexes: The final teamwork plan which I shall discuss is relatively new. It is the Productivity Index Plan. These are not incentive plans in the strictest sense, but have been used as the basis of wage rate increase negotiations, especially in the automotive and rubber products industries. General Motors first used it in 1948 when they provided their employees with an annual 2.5% improvement or productivity factor. This is the long term "productivity improvement" for the entire United States economy as published by the United States Bureau of Labor Statistics. In other words, General Motors, in effect, "bet" that it could beat the average all-United States

economy performance, and its record over the past 10 years shows that it has done so.

But how many of us fall into that "average" category? If our annual improvement should prove to be better than average, the workers will not long be satisfied, and if we fall below the average, we will not be long in business.

Our Own Experience

I should like now to talk of our own experiences with incentives, and to give a somewhat general philosophy of our business attitude.

This past August, we completed our eighth year of operation under the Rucker Share of Production Plan, a plantwide employee incentive and participation program. The results obtained over this extended period have demonstrated, to us, that this is a most effective method to improve efficiency and productivity; one that has enhanced cooperation and economic benefits to employees and to the company. During good times and during the existing slow times, we have maintained and even improved our relative efficiency; we have come to see that we may never wholly exhaust the possibilities for improvement which the Plan provides.

Last fall, we made a detailed

study of our results since the Rucker Plan was installed in 1950. We found that we had increased our output per man-hour by 18%, while reducing our bad castings and rejects by 47%. Our employees, for the most part, have developed a more sincere spirit of team effort, resulting in continuing co-operation, effective suggestions and directly related additional earnings.

To fully appreciate these improvements, we should review our firm's history and operation. The Pohlman Foundry Co. began operation over 50 years ago. It is a job shop and makes thousands of different types of Meehanite and grey iron castings, to individual customer specifications. These vary in size from a few ounces to as high as 10,000 pounds for a single casting. With such a variety in product types and sizes, as well as the limited quantities involved in each order, we must keep ourselves very flexible in facilities, production methods and controls. We must provide prompt service to our customers, maintain high standards of quality and sell at competitive prices. To accomplish this, we must attract and keep highly competent employees.

Historically, we have always given our employees opportuni-

ties for greater earnings in direct relation to their increasing production, and coordinated with our needs for efficient customer service, high quality standards and competitive product pricing. During the years 1940-1942 we installed a standard-unit incentive plan. This is still in effect. We have direct time standards for our skilled production workers as well as indirect standards for all other labor, supervisors and office employees. This serves the very worthwhile purposes of providing individual workers with incentives; definite standards for measuring physical-unit productivity; and a basis for various cost, efficiency and production scheduling analyses. We have obtained a uniform pricing standard for our large number of competitive bids and a firm means of comparing expected with actual performance in each case.

From 1940 to 1950, our physical productivity increase was about 90%; however, we then encountered difficulties because of the inherent features of such individual plans. Our individual workers had become overstimulated for personal gains, and while great emphasis was placed on production *quantity*, we encountered poor teamwork and lack of *quality* consciousness. Poor workmanship at one

stage of production would place a burden on another department, and produce ill feelings and place an extra cost burden on the company.

Between 1945 and 1947 we greatly mechanized our entire operation. However, we still failed to obtain the improvements in quality and the teamwork which we had hoped for, and which we needed. We wanted to retain our direct incentive system and various job ratings to insure equitable differentials in base and incentive rates, and as the basis for operations and cost analyses. We needed to improve product quality, increase teamwork between departments, promote cooperation between employees and management, as well as to provide equitable distribution between both groups of additional earnings realized from these benefits.

We examined the various plans and found what we wanted in the Rucker Share of Production Plan. Its objectives were exactly what we wanted, and its methods were exact, factual, fair, did not require additional employees to operate, and could be easily understood by our employees. It provided for continually improved employee understanding of our business, and would promote

greater teamwork between departments, increased productivity, better quality and improved customer service. Furthermore, it was ideally suited to supplement effectively our existing individual incentive plan, constructively counteract the faults which had developed with it, and provide a sound principle of total employee compensation.

Through our license with the Meehanite Metal Corp., we obtain the benefits of their research and development programs as well as nationwide advertising. We have always kept a consistent reputation for soundly engineered castings, precise physical and chemical controls and quality workmanship. Since the adoption of the Rucker Plan, we have maintained this reputation and improved it to the extent that our returns from customers have fallen from 3% to less than 1%, while our quantity of in-plant rejects have fallen by 47%. Our employees are justly proud of this record. The Rucker Plan has provided them with a consistent check on quality workmanship and has directly related improved performance to that well known common denominator—pay.

Our total hourly worker's pay is composed of four fac-

tors: base rates, overtime earnings, direct incentive plan earnings, and Rucker Plan plantwide incentive earnings. From the time the Rucker Plan was installed in 1950, through the time of our study made last fall, our workers' hourly base rate had increased by 31.3%; with their direct incentive earnings, their total regular earnings had risen by 56%. However, in addition to these considerable advances, we must add their Rucker Plan earnings, which brought their total earnings up to 82% over those for 1950.

This impressive advance beyond the 56% from various regular earnings shows us the definite advantage of a plantwide incentive plan, in addition to a soundly engineered and well maintained individual incentive system. In 1952 we undertook to complete our over-all compensation policy by adopting a Profit Sharing deferred payment retirement plan. In the first six years of this additional plan, an average of 18 cents per hour was contributed into our employees Retirement Fund.

Our company management is determined to continue plant facility improvements, not only to provide for more efficient production, but also to provide

as pleasant a place to work as possible. The high level of employee cooperation, team spirit and profitable results have encouraged us to make further improvement and expansion plans.

The Rucker Plan, as it was originally installed, included two separate employee groupings. The first was all of our hourly-rated employees, both direct and indirect. The second group, covered by a companion system, included our supervisory and administrative personnel. In 1955 the company officers elected also to come under the second grouping, so that we now have a truly complete incentive plan which affects every member of our plant group in a like manner.

There are several very distinguishing characteristics of the Rucker Plan; first, when applied to hourly-rated employees, it includes them all, not just the direct workers, or those whose work can be measured. Secondly, the Rucker Plan standards are not based on physical units, such as pounds or pieces. They are based on money values realized in competition relative to our input of labor wages. Thirdly, the Rucker Plan does not conceal, but instead makes very clear to each worker, the

direct relationship between the dollars that he earns and the realized economic value of the goods he helps to produce.

Since our adoption of the plan, our employees have earned Share-of-Production pay each year, which has averaged 17% of their total year's regular pay. This is in spite of three 10% increases in both base rates and premium rates. During the low volume period in the first half of 1958 when the base and premium rates remained 31.3% above their 1950 levels; and in spite of only partial work weeks not accompanied by proportionate reductions in certain fixed labor costs, power, fuel and repairs; we still had added earnings pay-offs under the Rucker Plan. These were due to continued improvement in our work scheduling efficiency, lower scrap, and increased output per man-hour.

Each month we make and publish a computation to keep each employee informed of progress and to enhance the immediate benefits of the plan. Also, each month, based on these computations, the employees receive 75% of their Share-of-Production earnings, while 25% is carried into a reserve account. If production in any month falls below the

standard ratio of Production Value to Total Regular Earnings, the resulting deficit is debited to the same reserve account. At the end of the year, the net balance in this account is distributed to the workers, again in proportion to their regular earnings.

The Rucker Plan does not change management's normal responsibilities. It does, however, stimulate the active co-operation of all employees in successfully effecting decisions and practices which contribute to the economic good of all. It has developed a high degree of teamwork between direct and indirect labor, between hourly employees and supervisors, and between departments. It is a tremendous aid to us in showing employees how our joint efforts are translated into their personal earnings, and how they automatically and equitably share in all economic productivity which their efforts help to achieve. With the Rucker Plan, our company and all its employees have firmly demonstrated and proven that they can make more money with each other, and not out of each other; and that our joint progress in earnings is both measured and determined by increased productivity, proportionately shared.

ACT ON FACT

by James Black

ANYBODY WHO EVER DROPPED A COIN in a vending machine only to see it disappear without returning the desired coffee, cigarettes or candy bar, can't help sympathizing with Mike Maloney (name fictional). Mike's in-plant argument with a mechanical refreshment dispenser became so heated that it took on the appearance of the recent Patterson-Johansson prize fight when the employee's right cross smashed through the glass window that separated him from the candy that he wanted.

The trouble was Mike's supervisor had a ringside seat at the contest. He yelled "Foul" and awarded the decision to the vending machine. Next he dismissed Mike from his job on the grounds* that the latter—with larceny in his heart—struck without provocation, that he had inserted no coin in the slot, that the appropriation of the unpaid-for candy was simply stealing, not to mention the damage to company property caused by the act of forcible entry.

Mike filed a grievance to get

his job back. Management and the union could not settle the dispute. Eventually it was heard by an arbitrator.

Arguments of the Parties

There you have the background. Now let's hear how Mike Maloney explained the incident—how the union defended its member.

Said the union, "Maloney's supervisor did not see the employee actually strike the vending machine. He assumed this had happened on the doubtful grounds of circumstantial evidence. Maloney denies he broke the glass. He also says he doesn't know who did. Maloney admits his story about putting a nickel in the slot was not correct. But he was excited and confused when he told it. Furthermore, he asserts he did

A SUPERVISOR'S GUIDE TO INTELLIGENT LABOR RELATIONS

not reach into the machine to take the candy, but simply picked up a bar from the floor. No one can blame him for doing that. Finally, the vending machine is not the property of the company. It belongs to an outside firm. Therefore, the question of destruction of plant property is not involved. Maloney's job should be restored to him with all rights unimpaired. He should be reimbursed for the wages he lost due to this unjust discharge."

Any resemblance between the story told by Mike Maloney and the one reported by his supervisor is purely coincidental. But you might expect that. What's more, after you hear management's case you are forced to conclude that the employee's defense does not bear close inspection unless the supervisor—for reasons best known to himself—fabricated his story and coerced witnesses to support it. This is management's account of the incident.

"Maloney works the day shift. On the day in question his supervisor was told by the foreman of the preceding shift that the candy machine was not working, and that a sign had been posted warning personnel to place no coins in it until a repair was made. A short time after the day shift began a checker heard a loud crash and

saw Maloney walking away from the vending machine. Another witness—an assistant foreman—observed Maloney reach into the machine and take the candy. He warned Maloney to leave the candy alone or he would get into trouble. Maloney answered, 'They will have to catch me first.'

"It's true Maloney's supervisor did not actually see him break the machine, but he did observe him with the candy. Actually, it was the crash of the glass that attracted his attention. The two witnesses we mentioned have signed statements of their testimony. If these statements are not acceptable in themselves we will offer these employees for cross examination.

"Maloney has said he did not take candy from the machine, but picked it up from the floor. A candy bar is a small item, but whether it was in the machine or on the floor it was not Maloney's property. To say otherwise would mean that if a ham, a piece of sausage, a package of wieners or a barbecue rib falls on the floor an employee is privileged to pick it up and consume it or otherwise appropriate it for his own use. We have been troubled lately by petty thievery, so much so that we have recently warned all employees in writing that

acts of this kind would mean instant discharge.

"The penalty of dismissal is severe. Aside from damaging company property and pilfering a candy bar, Maloney's record leaves much to be desired. Two months prior to the vending machine affair, Maloney's supervisor discovered this employee was holding up the packing line. The supervisor summoned the shop steward, and in his presence informed Maloney: 'You have been warned once before about your "smart alecky" attitude. One more breach of discipline and you'll be dismissed.' The union official agreed that on this occasion Maloney had received fair treatment.

"It is true that the vending machine is not our property, but it has been entrusted to our care. If we permit an employee to destroy it we are financially accountable.

"The discharge of this employee was amply justified. His grievance should be denied."

The Ruling of the Arbitrator

The arbitrator pondered the arguments and concluded:

"The union has contended that no one actually saw Maloney break the vending machine. It has further argued that the vending machine did not belong to the company and

therefore the employee could not be discharged for damage to company property, even if he did break it, which he denies.

"Everyone agrees that the vending machine was broken and that candy was scattered around the floor. The aggrieved admits he did pick up a piece of candy without offering to pay for it or even reporting that he was taking it and offering to pay.

"The company has charged Maloney first, with the destruction of company property, and, second, with theft or pilferage. The charge of the company must stand or fall on the basis of facts and circumstances in this case, and not on what happened before. This means the fact that Maloney had been warned several times to do his work properly or to face discharge has no bearing on this situation.

"However, what has happened in the past regarding pilferage does throw light upon the severe and uncompromising position of management relative to stealing or misappropriating company property. Management officially warned employees that any act involving the misappropriation of company property would be dealt with severely. Therefore, if, in the face of this warning,

Maloney actually broke the machine and took a piece of candy, his discharge is certainly justified.

"The evidence against Maloney is circumstantial, but this is not surprising. Anyone intending to steal or destroy property would at least take the precaution of glancing around before doing so to make sure his action was not observed. Circumstantial evidence is simply a series or sequence of events wholly irreconcilable with any theory other than guilt. It shifts the burden of proof to the accused and obliges him to explain the damaging circumstances which point toward him.

"In this case we do not intend to pass on the point as to whether or not Maloney broke the machine. The evidence indicates that he did. But the employee is also accused of the misappropriation of company property, and on this charge Maloney has convicted himself. He picked up a candy bar under circumstances we hold to be pilfering. The statements of the witnesses appearing for the company are most convincing. Therefore, we cannot accept Maloney's denial. On the basis of the facts presented the discharge stands—the grievance is denied."

Les Miserables

Victor Hugo once wrote a literary masterpiece about a man named Jean Valjean who was sentenced to the galleys for stealing a loaf of bread. Hugo was indicting the hard, merciless laws that existed in his day. Valjean had tried to find work, and when he could not do so had taken a loaf of bread to feed his starving family. Certainly his punishment was fearfully unjust—all out of proportion to his offense.

Superficially, it may seem a most severe penalty to dismiss a man for taking a candy bar. But when you remember that Maloney held a well paid job his act becomes more serious. Moreover, his wanton destruction of company property compounds his offense. Petty thievery—and this company had evidently been plagued by it—can become extremely expensive.

Maloney's supervisor handled a difficult problem well. His investigation was thorough—the evidence he secured convincing. Apparently he was a bit confused when he introduced into the arbitration record the report that Maloney had once been warned for failing to do his work properly. As the arbitrator pointed out, that incident was not significant to the case at issue. The cumulative weight of related offenses

may eventually lead to discharge, but may have no bearing one way or the other on a situation in which an employee is accused of another rule violation of a totally different nature.

There is no need to sympathize with Mike Maloney. His dismissal came as the result of an act of thievery so petty, so insignificant, you wonder why he bothered. But the offense that cost him his job was just the surface reason. His provable guilt of this accusation made it unnecessary to establish that he had also damaged an expensive vending machine.

Maloney's supervisor realized

the accusation of theft is not one to be lightly leveled, that a man's reputation was at stake. So he proceeded cautiously, and when he had acquired the facts he needed, and the witnesses to back them up, he moved with sure thoroughness. The probability is that the removal of this employee from the workforce served as a strong deterrent to other employees who might have been tempted to appropriate company property.

• • •

This case is based on one described in the Labor Relations Reporter. It has been altered slightly to illustrate certain principles of supervision.



Statement required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, and July 2, 1946 (Title 39, United States Code, Section 233) showing the ownership, management, and circulation of MANAGE Magazine, published monthly on the 25th at Dayton, Ohio, for October, 1958.

1. The names and addresses of the publisher, managing editor, and business managers are: Publisher, The National Management Association, 333 W. First St., Dayton 2, Ohio; Editor, H. G. Loudenback, 333 W. First St., Dayton 2, Ohio; Business Manager, L. E. Nangle, 333 W. First St., Dayton 2, Ohio.

2. The owner is: The National Management Association, a non-profit organization incorporated under the laws of the State of Ohio.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner. S/Henry G. Loudenback, Mgr. of Public Relations, Editor.

Sworn to and subscribed before me this 18th day of September, 1959. [SEAL]
S/Jean B. Adams, Notary Public. (My commission expires August 1, 1961)



The Optometrist As Visual Industry Consultant

In spite of the tremendous growth and expansion of Big Business, it still is failing its employees by neglecting to recognize their visual requirements.

Dr. George W. Davis, research visual consultant for the Sales Analysis Institute, pointed out before a national meeting of executive management and sales engineers in Chicago, that industry is losing some of its most valued and experienced workers because of visual problems. The stepped-up production of industry, its closer levels of tolerance, its over-all demand for increased accuracy, have produced a strain which makes for a varied crop of problems.

Here are a few facts which Dr. Davis discovered. Many jobs look visually difficult but are not necessarily so. For example, a transcribing job might be efficiently handled by a

blind typist. Certain jobs of molding and fitting might be easily performed by a blind-folded person. However, a job may look easy but may be almost unreasonable when measured by visually impedimental standards.

To help remedy this problem, Dr. Davis recommends that management and employees understand and learn to control certain misunderstandings and to eliminate many false notions about visual fatigue. Once they understand the way in which visual fatigue and visual impediments work, and how to overcome this, resulting benefits to industry will be highly gratifying.

The World's First

The first all-electric plastic binding machine, is 60 to 100 per cent faster than manual operation. Fatigue reduction is readily apparent, since there is no need for the operator to use a handle.



The General Binding Corp., Northbrook, Ill., made the operation simple. A touch of the toe automatically opens the plastic binding. The operator inserts the material, and another touch of the toe automatically closes the binding, completing the operation.

This comparison photo shows books bound in one hour by Electro-Binder (left) compared with books bound in the same period of time by the manually operated machine at right.

Industry's "Billion Dollar Drain"

Dr. Robert N. McMurry, industrial psychologist, says today's industrial executive who fails to use realistic hiring methods may be seriously weakening his company's profit-and-loss position.

Based on a study of 901 companies which employed him as a

consultant during his 25 years of professional service, Dr. McMurry estimated that one out of every five employees hired were unsuited for the jobs assigned to them and had to be terminated.

This study revealed several startling facts in connection with industry's stake in the selecting and hiring of its personnel. Not the least significant was that in taking the case of an average company of 1,000 employees, which hired 100 new workers during the course of the year, it was found that the average cost of adding this personnel amounted to \$3,662 per employee, or a total of \$366,000. This is only part of the picture—estimated cost of below-standard performance of these terminated employees amounted to an average of \$2,975 per employee, or a total cost of \$62,475.

According to Dr. McMurry, this enormous waste can never be entirely eliminated because perfection in predicting job success or failure is not possible.

With this in mind, the ICR Corp., an affiliate of Vision Inc., has cooperated with Dr. McMurry to make available to industry, a new audio-visual program entitled: **HOW TO TAKE THE GUESSWORK OUT OF YOUR HIRING.**

Sunscreen Slashes Heat Gain

Some of the most attractive shopping centers are those built with curtain walls that incorporate large window areas. But solar heat passing through these glass window-

walls often overheats working areas in stores and offices. As a result, building owners and managers are turning to solar screening to keep shopping centers comfortable, all year round.

Solar heat is a problem even in the winter. An office on the south side of the Harlem Irving Plaza, in Chicago, reported that the sun alone heated the office to a temperature of over 100 degrees F., with the heating system turned off. However, with the use of a miniature Venetian blind which has tiny louvers of weatherproof bronze permanently fixed at an optimum angle to reflect the sun's rays at all hours of the day, interiors are comfortably cool.



Bread Is On the Rise

Here's further proof that the American public's appetite for bread is on the increase and—along with it, dimensions and problems of handling necessary production equipment for commercial bakeries.

The king-size dough mixer, being "snaked" through the double doors of the boxcar in the accompanying view, is one of the largest made.

Powered by a 75-horsepower motor, the 8-foot high machine is capable of mixing one ton of dough in one batch; in one hour processing about four tons, enough for almost 8,000 loaves of bread—or enough to supply roughly 1,100 families for one week.

Atomic Scientist Prods Industry

General Electric's top atomic spokesman has called upon American industry to show the government and the world that the free enterprise system can achieve technical success superior in every way to any other system devised by man.

Warning that the greatest weapons we can give the Communists in the economic, technical and political "cold war" are lethargy and complacency on the part of American industry, Francis K. McCune, vice president of G.E.'s atomic business development, recommends launching an "industrial offensive."

He recommends that industry shorten the research and de-



development cycle for all goods and cautions against "spectacular international competition for competition's sake."

If we must repeatedly prove our technical strength, he stresses, "let us do so in areas where the end result is of greatest security or economic use to the free nations."

Fast Luggage Pick-up

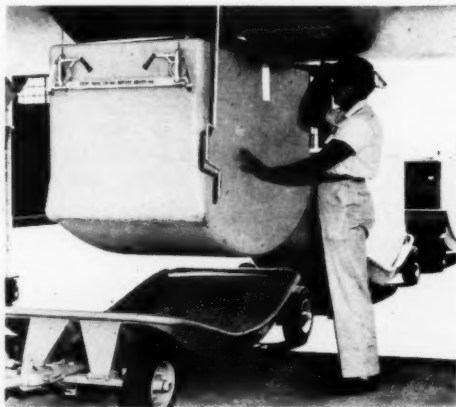
The jet age is upon us. Lightweight containers will now permit luggage removal from jet aircraft in less than three minutes—almost five times faster than by ordinary manual methods.

New tub-shaped containers weighing only 84 pounds were developed for the DC-8 jet mainliners which United Air Lines put into operation recently.

Of course the advantage of this container is that the baggage can be sorted prior to loading. For instance, baggage for Dayton coming in from Washington would be in one container, and instead of handling many pieces, one container is handled. Your bags will be waiting on you, instead of you waiting for them.

The containers are carted to the plane and lifted aboard by an electric hoist. Inside the compartment they fit into place on a track like beads on a string. As you will see from the picture, the hoist and positioning mechanism are integral parts of the plane.

The Douglas jetliner will carry 11 containers, each holding about 25 bags, or more than 1,100 pounds of mail, express and freight.



REPORT TO THE MEMBERSHIP *(Continued from page 2)*

new fields or techniques are uncovered, they are programmed, studied, tested, and (if suitable to your needs) developed into educational projects for our clubs and members. This process continues in our research department week after week and month after month in order for us to have programs with the most favorable results.

With the development of new programs comes new and increased activity for our affiliated clubs. This also gives members an opportunity to participate, which always makes for a strong and more ambitious club. This is important too for NMA Area Councils, which are assuming new responsibilities for sponsoring educational programs in the field. The NMA Management Conference, a very worthwhile educational project usually sponsored by Area Councils or City Clubs, gives you an opportunity to study new techniques in a diversity of interest in management problems. It also is interesting to note the participation is from all manufacturing and service departments. This opportunity to work together on case studies, conferences and workshops, exchanging experiences and ideas, cannot be evaluated by the number of hours away from home, but rather by the hours of reading and research necessary to acquire equal learning, or knowledge.

As a cost control man I find myself wanting to add this up—analyze—compare and see where it leads. Are we making it profitable for you? Are we planning for future requirements or are we just keeping our New England water wheels spinning? Evaluating the NMA program as a whole, I can predict a more rapid growth in membership and an increase in NMA seminars, conferences and educational programs, resulting in greater personal achievement for the members of our association.

Another reason for this optimistic outlook that we have toward our future is the continuing encouraging response we are getting as our work goes on.

We will have our latest educational programs on display at the National Conference which comes up later this month in Detroit. I am sure you will find them interesting and worthy of your club's participation.



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The National Management Association

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Report to the Membership	2	G. Eldon Tufts
Washington Report	4	Michael S. Roberts
Russia Attacks US Markets	9	Michael S. Roberts
You Are Important	15	John F. Gordon
36th NMA National Conference	18	
A New Day for the Consumer	24	George Romney
Management Unity Seminar	28	Dr. William Levy
Why Wages Must Be Earned	32	Clark/Rimanoczy
NMA's Research & Development	34	Norman George
Club Anniversaries	37	
Secretary-Treasurer's Report	38	George W. Tomlinson
Zone Activities	42	NMA Zone Managers
Member and Club Services	59	
Incentive Plans—Friend or Foe?	62	Daniel R. Pohlman
Act on Fact	72	James Black
News Briefs	77	Les Simon

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NOV 19 1964